

CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

FIRST SESSION—TWENTY SEVENTH PARLIAMENT

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TO THE TWENTY FOURTH DAY OF JANUARY, 1967, INCLUSIVE

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HOUSE OF COMMONS

Wednesday, December 14, 1966

The house met at 2.30 p.m.

THE ROYAL ASSENT

Mr. Speaker: I have the honour to inform the house that I have received the following communication:

Ottawa, December 14, 1966

Sir,

I have the honour to inform you that the Honourable Robert Taschereau, P.C., Chief Justice of Canada, acting as Deputy of His Excellency the Governor General, will proceed to the Senate chamber today, the 14th December, at 5.45 p.m., for the purpose of giving royal assent to certain bills.

I have the honour to be,
Sir,
Your obedient servant,
A. G. Cherrier
Assistant Secretary to the Governor General

• (2:40 p.m.)

[*Translation*]

LABOUR AND EMPLOYMENT

Second report of standing committee on labour and employment—Mr. Lachance.

[*Note: Text of the foregoing report appears in today's Votes and Proceedings.*]

[*English*]

AIR TRANSPORT

AIR TRAFFIC CONTROL—REPORT ON MEETING WITH REPRESENTATIVES—INTENTION TO INTRODUCE LEGISLATION IF NEGOTIATIONS UNSUCCESSFUL

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, there have been further developments since the announcement last evening by the Canadian Air Traffic Controllers Association of the December 20 strike date and I feel I should report these to the house.

I think the house should know that I met with the representatives of the three organizations concerned—Canadian Air Traffic Controllers Association, Public Service Alliance of Canada and Professional Institute of the Public Service of Canada—for two hours this morning. As a result of these discussions I am encouraged to believe that both sides are prepared to show greater flexibility in their statements of position than has been evident heretofore. For one thing the three employee organizations have for the first time shown a willingness to meet together with us in a joint discussion of our common problem, and in my opinion this is a hopeful development.

Second, after the discussions which took place this morning the employee organizations have agreed to meet with representatives of the government later today and to continue discussions tonight, tomorrow, and for a further period beyond that, as long as there appears to be any hope of arriving at a mutual understanding.

I should further advise the house that, after giving notice this morning to the staff association representatives of my intention to do so, I have this day given notice of a resolution indicating the government's intention to introduce legislation to deal with this matter. The text of this resolution, having been filed with the Clerk, will appear in *Votes and Proceedings* for today and it is the government's intention to call the resolution as soon as the rules of the house permit—that is, unless the progress of our talks makes further action by parliament unnecessary. I hope very much that this will be so, and that parliamentary action will not be necessary. There is nothing, Mr. Speaker, I should like to do less than to have to proceed with this legislation.

I have, however, explained to the representatives of the employee organizations the position in which the government and parliament would find themselves, in the face of the strike deadline on December 20 next at 8 a.m., if notice of intention to introduce the resolution were not filed today. They have assured me that they understand this position and the reasons why the government finds it necessary to take this step at this time. More important, they have indicated that they are quite prepared to continue discussions in full knowledge of what the government has done, in the hope that further discussions will produce a settlement which will make it unnecessary for parliament to take further action.

Hon. Michael Starr (Ontario): Mr. Speaker, this announcement by the President of the Treasury Board (Mr. Benson), who is evidently one of the chief negotiators on behalf of the government, is nothing but a glossing over of the ineptitude of the government

to settle this affair. This announcement and the whole matter of negotiations that have been going on for a great many months has about it an aura of mystery. I say this quite frankly, because there is no question in the minds of those who have received the report and studied the situation that this is so, particularly in the light of the union's accepting the recommendation of the conciliation officer appointed by this government, and the reluctance of this government to accept the reasonable recommendations—

Mr. Benson: On a question of privilege—

Mr. Starr: —of that report. Certainly there is a mystery about it.

Mr. Benson: On a question of privilege, Mr. Speaker.

Mr. Speaker: Order, please. The minister is rising on a question of privilege.

Mr. Benson: Mr. Speaker, on the question of privilege: There was no conciliation officer, as such, appointed.

Some hon. Members: Oh, oh.

Mr. Starr: This whole affair is shrouded in mystery. The statement made today by the minister and the statements made yesterday by other ministers about this matter certainly have an aura of mystery about them, especially when they tried to place the judge they appointed into some category that seems to be lost. Certainly the judge was an arbitrator, or he was acting in the manner of an arbitrator.

An hon. Member: Do not be foolish.

Mr. Starr: He dealt with matters affecting the union. Every person who is interested in union affairs in this country, except the government which appointed him, knows exactly what the role of the judge was. The minister in his announcement today says that everything is going well, that meetings have been held, that meetings will be held tomorrow, tomorrow evening and on Friday if necessary. At the same time the government is preparing legislation.

An hon. Member: They have a club to wield.

Mr. Starr: Why is this, if things are going so well? In a very simple situation such as this a settlement should have been reached today, and reached without legislation. All the government has to do is accept the recommendations of the judge it appointed. The union has agreed to them. No glossing over of any pretended progress being made can deter us in parliament from our responsibility of again later this day moving the adjournment of the house, so that parliament may have a say in advising the government about what should be done in this matter.

Mr. T. C. Douglas (Burnaby-Coquitlam): The fact that the air traffic control personnel of the Department of Transport have notified the government they intend withholding their services, commencing at 8 a.m. on Tuesday, December 20, means that this country faces a serious crisis.

An hon. Member: The government does not care.

Mr. Douglas: We face the prospect of having every civilian airport in Canada closed during the Christmas season. It is difficult to understand why the government has procrastinated on this matter for so long. The discussions with this group regarding salaries have been going on for some 18 months, without reaching any settlement.

Mr. Woolliams: They need time.

Mr. Douglas: Last May the association asked the membership for a strike mandate and the government was so advised. The Minister of Transport, in order to head off a prospective strike, appointed Judge John B. Robinson to serve as a commissioner under the Public Inquiries Act. The President of the Treasury Board says the judge was not a conciliator that he was not a mediator. What was he? He was a commissioner appointed by the government. For the Minister of Transport to say, as he said yesterday, that the judge was merely an adviser is the sheerest nonsense. You do not appoint an adviser under the Public Inquiries Act. He was appointed to ascertain all the facts, to look into the complaints of the traffic personnel that comparable employees in the United States received over 50 per cent more in salaries and had better working conditions.

• (2:50 p.m.)

Mr. Pickersgill: I am rising on a question of privilege.

Some hon. Members: Sit down.

Mr. Speaker: Order, please. The Minister of Transport rises on a question of privilege.

Mr. Pickersgill: Perhaps I should say I am rising on a point of order. The hon. gentleman appears to be reading from a paper which

purports to say what this gentleman was asked to inquire into. My colleague has the order-in-council. Would the hon. gentleman read what the government asked the judge to do, not his interpretation of it?

Mr. Douglas: That point of order is about as silly and nonsensical as most of the interjections in which the minister indulges. But I will say this: The minister's own views are set forth in a letter which he sent to the association and in which he said the government recognized the importance of achieving a solution to this problem, and the importance which must be attached to the findings of the special investigator. The government, he said, would make a report immediately available to C.A.T.C and would give immediate consideration to its findings.

Mr. Pickersgill: Would the hon. gentleman quote the whole letter?

Mr. Starr: Obey the rules.

Mr. Douglas: The air traffic control personnel were so seized with the minister's sincerity that, in advance of the findings of Judge Robinson's report, they agreed to accept his recommendations. But they underestimated the Minister of Transport. If the report had been favourable to the government, the minister would have looked upon it as coming from a mediator. But when the recommendations were more generous than the President of the Treasury Board was prepared to accept, the government said Judge Robinson was not a mediator, not a conciliator, but just an adviser to the government.

Nevertheless the minister's own letter makes it perfectly clear that he was appointed to find a solution, and he brought down recommendations which seemed to hold out the hope of a settlement. It is significant that the air traffic control personnel should have indicated in advance that they would accept the recommendations immediately. The minister has had this report since November 7. Five weeks have gone by.

Some hon. Members: Shame.

Mr. Douglas: The minister is continuing to drag his feet. He refused to act on the judge's report. He has given the employees of his department no satisfaction as to the action he intends to take. It is only now, on the eve of a Christmas recess and faced with the prospect of a strike commencing next Tuesday morning, that the government is beginning seriously to bargain with its employees—and bargain, let me say at the same time as it is telling them it intends to introduce legislation to prevent them withholding their services.

If any other employer bargained with a club hanging over its employees' heads, the government would describe it as blackmail. But knowing it has these employees entirely at its mercy, and having rejected the report of its own appointee, the government now bargains, telling them at the same time: If you do not take what we give you, you will be compelled—

Mr. Starr: That is what they mean by free collective bargaining.

Mr. Douglas: —to continue to work on terms set down by the government and by parliament.

Mr. Grafftey: Another triumph for the right wing.

Mr. Douglas: This is the government's concept of free collective bargaining. Mr. Speaker, it is not necessary for the government to put legislation on the order paper. It is not necessary to introduce legislation to prevent this strike next Tuesday morning. All the government have to do is accept the recommendations of their own appointee, Judge Robinson. All they have to do is to say that the salary recommendations which were put before them are acceptable to them.

For the government to hide behind the flimsy excuse that they must wait for the remainder of Judge Robinson's report, which does not deal with salaries and does not deal with wage schedules, is simply an attempt to stall these negotiations for a longer period of time. I believe that once they know the facts the people of Canada generally will take a very dim view of the government's continued vacillation. This government has not bargained in good faith with these employees. If the government wants to prevent a serious crisis facing the Canadian people, all it has to do is to accept Judge Robinson's report, recognizing that he made that part of his report in advance because he knew that this was the crucial question which had to be settled. I want to tell the government that if it does not get a settlement, and get it very soon, the people of Canada are going to be highly indignant at the procrastination and gross incompetence which the government has displayed in the handling of this whole affair.

Air Traffic Control Dispute

Mr. Raymond Langlois (Mégantic): Mr. Speaker, there is not much left for me to say. The two previous speakers have said it all much better than I could, and I agree entirely with what they said. Somebody once said that you can fool all of the people some of the time and that you can fool some of the people all of the time, but that you cannot fool all of the people all of the time. If the government would only get down to work, instead of twiddling its thumbs and beating around the bush, and discover what the real problems are, it could find a solution before the house collapses over its head.

This is not the first time that such a situation has arisen. Time and again the government has waited until the situation in question has become like a balloon ready to burst in the government's face. This is no different from the situation we saw in the railway strike, the longshoremen's strike, and other similar strikes.

The government sent a person to investigate this dispute. The opposition did not do it. In fact, the government sent a judge. But the government does not want to call him a mediator or a conciliator. The Minister of Transport has put his hand in a hat and pulled out the description of adviser for this person. That is one of the minister's natural tricks. But call him what you like, the fact remains that the government sent a man to investigate and report back to it. This man did his job in an efficient manner. He located the main trouble spot, which is the question of salaries. He made a recommendation to the government, but the government did not accept that recommendation, and has not accepted it even yet.

Why did the government send that man in the first place? Was it just a waste of time, a waste of money? Maybe the government was waiting for Christmas and figured it could then send Santa Claus.

I could recommend which minister of the government should play that role.

An hon. Member: Very funny.

• (3:00 p.m.)

Mr. Langlois (Mégantic): Mr. Speaker, it is not funny. We still do not have any kind of legislation to prevent any other situation of this kind arising. I would not be a bit surprised if in the middle of next July we were called back to settle some strike on Expo island. Why? —because this government is too incompetent. They beat around the bush and expect us to beat around the bush with them.

[Mr. Douglas.]

An hon. Member: They have a task force.

Mr. Langlois (Mégantic): If this problem is not resolved to the satisfaction of those concerned, they will end up like the rabbit that is chased around the bush. They should remember there will be somebody behind them with a sawed off shotgun, close enough to get them. I am still on the subject of the incompetency of this government—

Mr. Speaker: Order, please. I do not like to interrupt the hon. member, but perhaps I should remind him of the provisions of provisional standing order 15 (2a) to the effect that comment made on ministerial statements should not be designed to provoke debate. I will say no more.

Mr. Langlois (Mégantic): I quite agree with you, Mr. Speaker. In this case, however, I think the provocation sometimes comes from the other side. I only hope that what the minister has in mind, which he probably has not yet told us, will turn out to be to the benefit of all concerned. At this time, just prior to the Christmas holidays, we need all our means of transportation. I hope the government does not have in the back of its mind the use of a club, because then public opinion would be against them and not against us. I do not think this would be wise. I hope the minister and his colleagues will keep the members of the house fully and truly informed in respect of all the facts, in their effort to avoid another strike on Tuesday next.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I am sure, after hearing the three previous speakers discuss the announcement made by the Minister of National Revenue and President of the Treasury Board (Mr. Benson), we realize we are in a very serious and critical situation. I agree with the hon. member for Burnaby-Coquitlam (Mr. Douglas) that this country does face a serious crisis, but I certainly cannot agree with all the conclusions he has reached. I am sure that he, as well as other speakers who have taken part in this discussion, would have been just as keen to criticize the government had it accepted carte blanche the recommendations of Judge Robinson.

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. There are too many interruptions in the house at the moment. I suggest the hon. member for Red Deer

should be given an opportunity to make his speech in the same way other speakers were given the opportunity.

Mr. Thompson: Mr. Speaker, I would suggest that they might listen with the same degree of respect with which I listened to the statements just made by the other three speakers. I should like to repeat that the hon. member for Burnaby-Coquitlam, in bringing out certain points, failed to state that the report of Judge Robinson is not yet complete. The part which is still to be completed is to cover some very important areas which concern the entire problem involved in settling this issue.

I should like to say also that, in the past, strikes have been and today are a part of the legitimate process in labour-management relations to protect the rights of the workers. But strikes also can be used as a pretty heavy club. In fact, when it concerns a service which is as essential to the whole air transportation system of this country as that performed by the air traffic controllers, I think a strike threat at this Christmas season could amount to blackmail, and certainly is a very powerful club in the hands of those who are attempting to use it to achieve what they want.

It is one thing to criticize the government for its ineptitude and lack of initiative in dealing with this as well as in other recent strike problems—and members of the government deserve criticism in this regard. On the other hand, at this critical time we have a procedure which has been recommended by the government whereby legislation will be provided to deal with this matter and ensure that air transportation in this country will continue while at the same time talks, in which the government is taking a very direct part, are going on. Therefore, Mr. Speaker, in our responsibility in this house it seems to me that we must face the issue as it is at the present time, and not be a part of any strategy or manoeuvring which might be an attempt to disrupt or hinder the negotiations going on now.

While we may feel very critical about what the government has done, on the other hand there is a responsible attitude which we as members of this house must take in respect of the situation, in the hope that an agreement can be reached which would avoid a strike, and avoid the implementation of legislation in this house, if a satisfactory agreement is not reached.

In my opinion the time has passed when the government should have taken the initiative to provide legislation to cover certain essential services in this country in the event of the possibility of a strike, because the economy of this country cannot go forward in a stable and satisfactory way if it is continually disrupted by strikes. On behalf of our party I should like to say that we will give our support to the legislation which is necessary to avoid at this time a strike which would completely paralyse the air transportation industry. At the same time, however, we will not be a part of any manoeuvre which would endanger the negotiations taking place.

Without repeating some of the legitimate criticisms which have been made of the members of the government for their lack of initiative in this area, I should like to say that at this point we have something more to do than just to criticize.

CANADIAN BROADCASTING CORPORATION

LEGAL STATUS OF MEMBERS RECEIVING HONORARIA OR FEES FOR BROADCASTING

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, in a question which has appeared on the order paper the hon. member for Saskatoon (Mr. Brand) has raised a question regarding the situation in respect of members of parliament who accept fees from the Canadian Broadcasting Corporation. I said that I would make a statement in this regard and I shall be glad to do so now.

• (3:10 p.m.)

First of all let me say that as regards the present parliament, no member elected in November, 1965, has been offered or has accepted a payment from the Canadian Broadcasting Corporation since that election.

The question whether a member of parliament is disqualified from sitting in the House of Commons if he accepts a fee from the Canadian Broadcasting Corporation is governed by the Senate and House of Commons Act. Section 15 of that act reads:

> No person, directly or indirectly, alone or with any other, by himself or by the interposition of any trustee or third party, holding or enjoying, undertaking or executing any contract or agreement, expressed or implied, with or for the government of Canada on behalf of the crown, or with or for any of the officers of the government of Canada, for which any public money of Canada is to be paid, is eligible as a member of the House of Commons, or shall sit or vote in the said house.

Members' Acceptance of Fees from C.B.C.

Section 17 of that act provides for a penalty to be imposed on a member, who has become disqualified but continues to sit in the house, of $200 for each day on which he so sits. There are two qualifications here, however. Section 17 provides that the fine is not automatic; a suit for the forfeit would have to be taken. Section 23 provides that such proceedings have to be taken within 12 months of the date when the forfeiture or penalty was incurred.

It is also clear that only parliament itself can determine who is qualified or not qualified to sit as a member, and that disqualification in one parliament has no effect on a subsequent parliament. Indeed a disqualification to sit in one parliament does not bar a member from subsequently being a candidate and, if elected, from taking his seat unless there was a continuing contractual relationship with the crown, or an agency of the crown, that might disqualify him.

When a member of parliament has asked the Department of Justice for an opinion, as has been done on more than one occasion in the past, about his position in respect of the Senate and House of Commons Act, the deputy minister of justice has merely indicated his informal or personal view on the subject. The view of this kind, given of an M.P.'s position if he accepts a payment from the Canadian Broadcasting Corporation is that this is a payment by the crown, of which the C.B.C. is an agent, and therefore would appear to come within the provisions of the act which I have just quoted.

In February of this year the deputy minister of justice wrote to the C.B.C. to the effect that the corporation should "consider the appropriateness of offering to a member of parliament an honorarium or out of pocket expenses for his participation in a program".

The facts of the situation are that 17 members of the present parliament have accepted payment from the C.B.C. for participation in programs while members of the previous parliament between May, 1963 and September, 1965. This is the period covered by the question on the order paper. It covers of course the previous parliament.

In any event, Mr. Speaker, it would be difficult to go back much further than that because for each year an exhaustive search has to be made of C.B.C. accounting records. The 17 members that I have referred to included 5 Liberals, 5 Conservatives, 5 New Democratic Party members—

Some hon. Members: Oh, oh.

[Mr. Pearson.]

Mr. Monteith: There is where the money goes.

Some hon Members: Shame.

Mr. Pearson: —1 Créditiste and 1 Social Credit.

An hon. Member: What about the Independents?

Mr. Pearson: And no Independents.

Mr. Ricard: There were none at the time.

Mr. Pearson: No action was taken against any member of the previous parliament to invoke the penalty clause of the act because of the acceptance of such a payment. As I have said, in relation to the present parliament which was elected in November, 1965, no member has been offered or has accepted such a payment.

No payment has ever been made to a cabinet minister, so far as I have been able to ascertain. One of the 17 members of parliament I have mentioned later became a cabinet minister in a later parliament, and one had been a cabinet minister previously. In short, Mr. Speaker, no member of this parliament has done anything to disqualify himself from such membership because of any relationship to the C.B.C. However it seems to me that the legal position is a little uncertain and doubtful, and perhaps at an appropriate time it should be cleared up.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, this is a matter that greatly concerns the respect that Canadians should hold for parliament. It is one that is causing considerable difficulty in the minds of Canadians. I refer to the acceptance by members of parliament of payments from the C.B.C. The Prime Minister has referred to certain sections of the Senate and House of Commons Act. He did not refer to one other section. He referred to section 15. Section 16 of the Senate and House of Commons Act reads:

> If any member of the House of Commons accepts any office or commission, or is concerned or interested in any contract, agreement, service or work which, by this act, renders a person incapable of being elected to, or of sitting or voting in the House of Commons, or knowingly sells any goods, wares or merchandise to, or performs any service for the government of Canada, or for any of the officers of the government of Canada, for which any public money of Canada is paid or to be paid, whether such contract, agreement or sale is expressed or implied, and whether the transaction is single or continuous, the seat of such member shall thereby be vacated, and his election shall henceforth be null and void.

Section 21 (1) provides:

No person, who is a member of the Senate—

This deals with the Senate situation.

—shall directly or indirectly, knowingly and wilfully be a party to—

The Minister of Transport is looking forward to the early expectation of being in that body and is showing a particular interest in this section while I am reading it.

Mr. Pickersgill: Let's go together.

Some hon. Members: Hear, hear.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: The section continues:

—or be concerned in any contract under which the public money of Canada is to be paid.

The Prime Minister glossed over the situation by stating that no member of the present parliament had received any payment from the C.B.C. The only reason they did not was that the C.B.C. refused to make any more payments. That is the only reason.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: No one can deny this. I know personally what the C.B.C. did.

Some hon. Members: Shame.

Mr. McIlraith: Mr. Speaker, I wanted to ask the right hon. Leader of the Opposition—

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. The Minister of Public Works—

Mr. Diefenbaker: I want to say that I personally—

Mr. Speaker: Order, please. I am trying to arrange for a bit of order. I understand the Minister of Public Works wants to ask a question. He cannot do this without the permission of the right hon. gentleman.

Mr. Diefenbaker: I first want to finish what I have to say, Mr. Speaker. I am always willing to answer the hon. gentleman. I was saying that the C.B.C. refused to make any payments after a legal opinion was secured from the law officers of the crown that the acceptance of any such payment would place in jeopardy the seat of an hon. member. That was not a passing opinion of the Minister of Justice; that was an opinion of the law officers of the crown. That is why in the present parliament no payments have been made.

Members' Acceptance of Fees from C.B.C.

• (3:20 p.m.)

The Prime Minister said that, whatever the rules may have been in the past, they do not apply from one parliament to the other. The only example I know in respect of a member losing his seat in the house was the case of the Hon. George B. Jones from New Brunswick. He found that his company had accepted certain payments from the Department of Indian Affairs. He resigned his seat immediately and was re-elected subsequently. That is the only case on record of which I know.

Furthermore I would point out that in September, 1964 the C.B.C. announced in a policy declaration that no further payments would be made because of the opinion given by the law officers of the crown. I think hon. members generally will agree that it is the course of wisdom not to accept payments for appearances from an institution such as the C.B.C., into which we sink such a large proportion of the moneys from parliament and from the Canadian people.

It is unfortunate that this question was not answered sooner. The Prime Minister said that the period of limitation has elapsed. I would point out to him that the following question was asked on May 16 by the hon. member for Saskatoon:

1. Has any member of the present cabinet, during the past three years received an horonarium or fee from the C.B.C. for appearances on television or radio?

2. If so (a) who (b) in what amounts?

This was a starred question and I bring it to Your Honour's attention because starred questions are not supposed to remain in cold storage for months and months. This is an example of the cavalier way in which the government has treated questions placed on the order paper when it does not suit their purpose to answer them.

A further question was asked on September 8—not a starred one—which was as follows:

Have any ministers of the crown who may have received an honorarium or fee from the C.B.C. in the past three years for appearances on TV and radio, returned such fee to the corporation?

2. If so, which ministers and on what dates were the cheques received and on what dates were payments made?

Answers to these two questions have been flagrantly postponed by the government, for which there can be no excuse whatsoever.

In so far as the law is concerned, the law officers gave their opinion. I am sure that hon. members in all parts of the house will come to the conclusion that the acceptance of this type

of emolument is not in keeping with a member's responsibility. A member of the House of Commons must not under any circumstances, legally or otherwise, accept payments from an institution which, as I said a moment ago, receives so much of what is spent for the Canadian people.

Mr. McIlraith: Would the right hon. gentleman now permit a question? My question is this: Did the right hon. gentleman realize that he reflected on the character of each member of the House of Commons when he said that the only reason that members of parliament had not accepted payment from the C.B.C. was that the C.B.C. had not offered it to them?

Mr. Speaker: I propose to allow the right hon. gentleman to answer the question if he wishes to do so, but I have some doubt as to the propriety of putting such questions. I may have made a mistake in the first place, when I allowed the minister to ask a question. I believe the practice we have tried to follow on ministerial statements until now has been to allow a statement and comments on it. If we allow questions on the statements made by spokesmen on behalf of parties we will start full debates every day on the different statements that are made. However, as I said, the question having been asked, I am certain the right hon. gentleman should be given an opportunity to reply to it.

Mr. Diefenbaker: It is very clear that the C.B.C. said no more payments would be made. The fact that payments had been accepted up to that time is sufficient of itself to answer the question of the Minister of Public Works.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a point of order. When a similar statement was made the other day the Chair wasted no time in ruling a backbencher out of order. The backbencher was me.

Mr. Speaker: Order, please. I have just admitted that perhaps I should not have allowed the minister to speak, but I did so, and hope that no such occasion will arise in the future.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the members of this party are in agreement with the statement which has been made by the Prime Minister, but we feel that some clarification should be made of the positions of hon. members with respect to the C.B.C. Conflicting rulings have been handed down from time to time by the Department of Justice as to whether or not members could accept out of pocket expenses. There has been a good deal of misunderstanding with respect to this point. This has not been merely an oversight on the part of the C.B.C.

I have received a letter from the Canadian Broadcasting Corporation dated February 21, 1964. I am quite prepared to table it so that any hon. member can read it. I myself will paraphrase it. The writer, Mr. Alfred Scott, program organizer for "Front Page Challenge" quotes sections 15 and 16 of the Senate and House of Commons Act. He proceeds to say that because of these sections no honorarium will be paid. However, the act does permit the C.B.C. to pay out of pocket expenses, and he encloses a cheque for $50. I sent him a personal cheque for $38 by return mail because my out of pocket expenses were $12. No member wants to contravene the law for $12,—

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please.

An hon. Member: That is an admission.

Mr. Speaker: May we have order please.

Mr. Douglas:—nor would he want to do so for any other sum. I am simply seeking to point this out.

Mr. Speaker, this is a serious matter which hon. members should discuss seriously. An agency of the crown writes to members of parliament, quotes the Senate and House of Commons Act, and says that in its opinion, on the basis of legal advice, it is permitted to pay out of pocket expenses. It does not even ask for an itemized account. In this case I personally returned the major part of the payment and I gave an itemized account.

This places hon. members in a very invidious position. If the ruling of the Department of Justice is that members cannot accept out of pocket expenses, then the C.B.C. should not send members expense money and should make it perfectly clear to members that they are not entitled to accept it.

• (3:30 p.m.)

I submit, Mr. Speaker, that this matter ought to be clarified. It ought to be made clear once and for all that not only can the C.B.C. not pay fees to members of parliament or members of the Senate, but that they cannot pay those members out of pocket expenses. As long as this situation is left in its present state of ambiguity, there will always be this difficulty.

As the Prime Minister (Mr. Pearson) has said, it may be that some legislation will be

necessary. But certainly, I do not think that members should be condemned for acting on the suggestion of the Canadian Broadcasting Corporation, which informed members that while they were not entitled to any fees they were entitled to out of pocket expenses. If members have accepted those out of pocket expenses they have done so on the recommendation of the C.B.C. and with the distinct understanding that the Canadian Broadcasting Corporation had sought legal advice prior to writing to the members in question. Therefore, Mr. Speaker, I hope that the Prime Minister will take whatever steps are necessary to see that the C.B.C. has the same opinion on this matter as the Department of Justice and that the Canadian Broadcasting Corporation will conduct itself accordingly.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I think there might be two solutions to this problem. One would be to keep members of parliament off television, which in some cases might be a public blessing. The second is that if they are to be allowed any out of pocket expense money they should be required to submit an itemized expense account in relation to all expenses which are legitimate. Otherwise, in view of the example cited by the hon. member for Burnaby-Coquitlam (Mr. Douglas), if some of the crown corporations operate in this way with regard to expenses they incur I can very well imagine why every year they have a deficit.

The law certainly needs some clarification and perhaps some amendment. At the moment, any member of a crown corporation or of the House of Commons or Senate can unwittingly find himself in quite a serious situation. I think it is up to us to look into the matter and to bring in the necessary amendments to patch up the law, if you wish, so that such a situation will not come about. It is up to the government to bring in the exact formula, which I presume they will do before some other awkward situation pops up where one of our colleagues either in the house or the Senate will find himself in a serious position, and we will have to bring in some amendments at that time.

[*Translation*]

Mr. Grégoire: On a point of order, Mr. Speaker.

Mr. Speaker: Is the hon. member for Lapointe rising on a point of order?

Mr. Grégoire: On a point of order, Mr. Speaker. I should like to quote standing order 30 of the House of Commons, which says:

> If anything shall come in question touching the conduct of any member, or his election, or his right to hold his seat, he may make a statement and shall withdraw during the time the matter is in debate.

Now, the hon. member for Burnaby-Coquitlam (Mr. Douglas) has made his position clear and has taken this opportunity to make his statement. In my opinion, Mr. Speaker, he and the sixteen others referred to by the right hon. Prime Minister (Mr. Pearson) and who do not intend to make a statement, should now withdraw from the house, as required by standing order 30, before debate on this matter continues.

Therefore, I ask that this standing order be applied and that the seventeen members mentioned withdraw, unless they signify immediately their intention to make a statement on that matter.

[*English*]

Mr. Speaker: I suggest that the hon. member for Red Deer be given the opportunity to make a statement while the Chair reflects on the point or order raised by the hon. member.

[*Translation*]

Mr. Grégoire: Mr. Speaker, on that same point of order. I would like to point out that standing order 30 clearly stipulates that: "he shall withdraw during the time the matter is in debate". The debate is fully under way and after the statement of the hon. member for Red Deer (Mr. Thompson) it will be too late—

Mr. Speaker: Order. It might have been better if the hon. member had risen on a point of order earlier. But he waits until the hon. member for Red Deer has the floor and without knowing what he will say. It might be a good idea to hear him first.

• (3:40 p.m.)

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my remarks will be very short. I believe the hon. member for Burnaby-Coquitlam (Mr. Douglas) has brought up a very important point. I think the majority of the members in this house, at one time or another, have received from public funds money to cover legitimate—

Some hon. Members: No.

Mr. MacEwan: Speak for yourself only.

Members' Acceptance of Fees from C.B.C.

Mr. Thompson: If hon. members would wait to hear what I have to say, they would understand.

Mr. MacInnis (Cape Breton South): We have heard enough.

Mr. Speaker: Order.

Mr. Thompson: Mr. Speaker, the noise some members make is matched only by their ignorance on some issues. The majority of the members of this house, at one time or another, have accepted money from public funds in reimbursement of travelling expenses. Most of the members have been on some form of delegation or other. Certainly a member is entitled to a fair repayment of out of pocket expenses incurred in legitimate travel while carrying out the normal duties of his office.

If a member of this house is to be condemned because he has received travelling expenses from the C.B.C., apart from any fees or any other type of remuneration, then I suggest this would be very unfair to him. I believe that if a check were made it would be found that most of the 17 members concerned, if not all of them, received only that kind of reimbursement. So I suggest, Mr. Speaker, to the Prime Minister (Mr. Pearson) that in the investigation of this matter he be sure to include the question whether or not it is improper to receive legitimate travel expenses from the C.B.C., in the normal course of duty expected of one holding such an office, for such things as—

An hon. Member: External affairs.

Mr. Thompson: —for external affairs or for any other type of duty which he may have been performing. The respect of this house as far as the public is concerned has suffered enough at this time without our heaping upon ourselves more disrespect for something of which we are not really guilty. I am not one of those who has accepted even travelling expenses from the C.B.C.—

Some hon. Members: Oh, oh.

Mr. Nielsen: How did you get to the Congo?

Mr. Thompson: The point that has been brought up by the hon. member for Burnaby-Coquitlam is a very important one and is certainly part of this whole issue. If only for the protection of new members and of people not familiar with some of these matters, this matter must be investigated.

[Mr. MacEwan.]

[*Translation*]

Mr. Speaker: It would perhaps be appropriate that, *ex post facto,* I should refer to the point of order raised by the hon. member for Lapointe (Mr. Grégoire). My understanding is that standing order 30 applies more particularly to a specific case where the conduct of a member has been questioned and where the matter is under consideration following a specific motion concerning a member. In this case, circumstances are entirely different, and I believe that the standing order is not applicable thereto.

[*English*]

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*C.B.C.—FEES RECEIVED BY MINISTERS FOR BROADCASTING

Question No. 1,500—**Mr. Brand:**

1. Has any member of the present cabinet, during the past three years, received an honorarium or fee from the Canadian Broadcasting Corporation for appearances on television or radio?

2. If so (a) who (b) in what amounts?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I am informed by the Canadian Broadcasting Corporation as follows:

1. Yes, a member of the present cabinet who was a private member at the time he appeared on C.B.C. programs was one of several members of parliament who received fees from the C.B.C. while members of a previous parliament.

2. The answer to part A is the present Minister of Mines, Energy and Resources.

Part B: It is the policy of the C.B.C. not to disclose the amounts paid to any individual.

DECORATION OF HON. JEAN LESAGE BY GREECE

Question No. 1,561—**Mr. Allard:**

Has the government, through its former Ambassador to Greece, made representations to the government of Greece with respect to a decoration or a doctorate to be conferred on the Hon. Jean Lesage?

[*Translation*]

Hon. Paul Martin (Secretary of State for External Affairs): No representations in the matter have been made either to or by the government of Canada by or to the government of Greece.

[*English*]

RETURN OF HONORARIA BY MINISTERS TO C.B.C.

Question No. 1,940—**Mr. Brand:**

1. Have any ministers of the crown who may have received an honorarium or fee from the C.B.C. in the past three years for appearances on TV and radio, returned such fee to the corporation?

2. If so, which ministers and on what dates were the cheques received and on what dates were payments made?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows:

1. No honorarium or fee was paid to a minister of the crown during that period.

2. Not applicable.

LT. COL. JOHN MCCRAE—CANADA COUNCIL GRANT

Question No. 2,160—**Mr. Hales:**

Is the Canada Council giving consideration to making a grant available to publish a suitable full-length biography of the late Lt. Col. John McCrae, soldier, doctor and author of the poem "In Flanders Fields"?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Canada Council that it does not initiate the preparation or publication of particular literary or scholary works.

BABINE, B.C.—SUPERINTENDENT OF INDIAN AGENCY

Question No. 2,181—**Mr. Howard:**

1. Upon what date was Mr. Cooper assigned to the position of Indian Superintendent of the Babine Indian Agency?

2. Are there any plans to transfer Mr. Cooper to another location and, if so, upon what date will he be so transferred?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. July 1, 1963.

2. No.

GREAT LAKES SYSTEM—CANADA COUNCIL GRANT

Question No. 2,211—**Mr. Hales:**

Is the Canada Council giving consideration to making available a grant as a centennial project to one of our outstanding Canadian historians to write a story on the Canadian Great Lakes waterway development and its contribution in the development of Canada?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Canada Council that it does not initiate the preparation or publication of particular literary or scholarly works.

INCOME TAX APPEAL BOARD EXPENDITURES

Question No. 2,225—**Mr. Grégoire:**

1. Over the last five years, what amounts of money have been deposited in the Consolidated Revenue Fund under the terms of subsection (3) of section 90 of the Income Tax Act?

2. For each of the last five years, what have been the total expenditures of the Tax Appeal Board?

3. During the last fiscal year, what have been the detailed expenditures of the board?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1.

1961-62	$3,676.31
1962-63	4,561.31
1963-64	3,105.70
1964-65	3,091.16
1965-66	3,691.28

(Fees received are $15 each and the uneven amounts in the above tabulation result from crediting American exchange received on cheques sent in payment of the fees).

2.

	Administration	Members' salaries
1961-62	$113,521.69	$ 81,331.81
1962-63	113,848.59	84,816.65
1963-64	122,985.38	98,853.13
1964-65	141,756.35	113,000.00
1965-66	150,625.50	112,999.92

3.

	1965-66 Administration	Members' salaries
Salaries	$ 87,019.63	$112,999.92
Court reporters' fees	39,823.62	
Travelling expenses	15,629.66	
Telephones and telegrams	1,478.93	
Office stationery	5,653.00	
Sundries	1,020.66	
	$150,625.50	

*CENTENNIAL COMMISSION MEETINGS

Question No. 2,240—**Mr. Diefenbaker:**

1. How many meetings of the Centennial Commission have taken place in the last six months?

Questions

2. On what dates and in what cities were each of said meetings held?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I am informed as follows by the Centennial Commission.

The Centennial Commission as defined by Section 3 of The Centennial of Canadian Confederation Act is constituted by a board of directors and its executive committee.

1. Fourteen meetings of the board of directors and/or the executive committee have been held in the last six months.

2. May 31, Ottawa; June 12, Victoria; June 27, Montreal; July 18, Ottawa; August 8, Ottawa; August 23, Ottawa; September 7 and 8, Toronto; September 19, Ottawa; October 6, Ottawa; October 25, Ottawa; November 9, Ottawa; November 10, Ottawa; November 14, Ottawa; November 22, Ottawa.

COMPARATIVE GRAIN MARKETINGS

Question No. 2,250—**Mr. Andras:**

What were the comparative figures for the crop year to November 30, 1965, and to November 30, 1966, for (a) producer marketings of wheat (b) producer marketings of all grains (c) shipments from country elevators (d) shipments from the Lakehead since opening of navigation?

Mr. Bruce S. Beer (Parliamentary Secretary to Minister of Agriculture):

	Wheat	Oats	Barley	Rye	Flaxseed	Rapeseed	
			—thousand bushels—				
*August 1 to November 30, 1966							
(a) and (b) Producers marketings	209,028	20,156	44,401	6,068	8,588	7,339	295,580
(c) Shipments from country elevators	237,775	13,225	34,272	5,169	8,541	4,416	303,398
(d) Shipments from the Lakehead since opening of navigation	351,300	31,300	41,600	8,300	13,700	1,200	447,300
*August 1 to December 1, 1965							
(a) and (b) Producers marketings	148,669	19,754	44,764	3,653	8,732	7,913	233,484
(c) Shipments from country elevators	211,269	22,428	36,379	4,128	7,764	4,254	286,222
(d) Shipments from the Lakehead since opening of navigation	271,745	44,432	39,749	4,106	10,796	1,337	372,166

* Figures compiled on a weekly basis.

*TRANSLATIONS PERFORMED OUTSIDE THE PUBLIC SERVICE

Question No. 2,257—**Mr. McCleave:**

Will the government consider arrangements for translation services by non-public servants so that books and documents are not held up from public release?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, the policy advocated has been followed by the Translation Bureau for many years.

The Translation Bureau already contracts out part of its workload to outside translators with proven competence to meet its standards of quality. There is at present a list of outside English, French and Foreign Language translators. These translators are recruited among former Translation Bureau translators and other persons who give proof of their ability to submit work requiring as little revision as possible.

[Mr. Diefenbaker.]

An expansion of this aspect of the bureau's operations is contemplated for the near future and will be reflected in next year's estimates.

Of course, some of the documents entrusted for translation to the bureau cannot be sent out for security or technical reasons.

SASKATCHEWAN—GRANTS FOR AIRSTRIPS

Question No. 2,261—**Mr. Southam:**

1. How many applications has the federal government received from rural and urban municipalities in the province of Saskatchewan for grants to establish airstrips or repair those in existence in 1965, and 1966 to date.

2. Where are these municipalities located and what were the amounts of grants in each case?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Eight.

2. Biggar, Sask.; Unity, Sask.; Lanigan, Sask.; Eston, Sask.; Weyburn, Sask.; Maple Creek, Sask.; Birch Hills, Sask.; Kindersley, Sask. Grants have been approved for two: Biggar, $19,000 and Unity, $9,000.

*POSTAL RATES ON UNSEALED CHRISTMAS CARDS

Question No. 2,262—**Mr. Winkler:**

1. Has the Post Office Department issued instructions regarding postal rates on unsealed Christmas cards?

2. What is the rate (a) within a city or town (b) elsewhere in Canada?

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, the answer to part 1 is, yes. The answer to part 2 (a) and (b) is as follows: Three cents first two ounces and 1 cent each additional two ounces, provided envelope unsealed and written greeting on card does not exceed five words, otherwise letter rates of postage apply.

*INSIGNIA USED IN POSTAL SERVICE

Question No. 2,263—**Mr. Diefenbaker:**

1. What inscriptions or insignia were used on (a) mail bags of Her Majesty's mail (b) mail boxes, and (c) mail trucks in each of the years 1962 to 1965 inclusive?

2. What changes have been made this year, and on what dates and under whose authority?

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, the reply is as follows: 1. (a) Mail bags purchased since April 1, 1962 to date are stencilled as follows:

The Crown insignia
The year
Canada

Mail bags purchased prior to April 1, 1962, many of which are still in use, generally have similar markings as follows. There are three different types.

Type of Bag	Marking
(i) Blue Air Mail Bags	The Crown insignia The year Canada Air Mail
(ii) Red Air Mail Bags	The Crown insignia The year Air Mail Registered
(iii) Letter Bags Newspaper-Parcel Post Bags Blue Fragile Bags Catch Post Bags	The Crown insignia The year Canada P.O.
(iv) Overseas Mail Bags	Canada Post Office The year When empty return to Canada

(b) Mail boxes purchased during the years 1962-1965 inclusive have the following inscription and insignia. There are four different types.

Type of Box	Marking
(i) Letter Carrier Mail Storage Box	Coat of Arms Canada
(ii) Group Mail Delivery Box	Coat of Arms Canada (on one box in each installation)
(iii) Street Letter Box	Coat of Arms (cast or moulded) Canada
(iv) Free Standing Street Mail Receptacle	Coat of Arms Canada (in addition, the purpose of the box is shown as "Parcel Post", "Letters" or "Mail")

Note: Prior to 1963, the letters "E" and "R" also appeared on (i) and (ii).

(c) Prior to March 1964, mail trucks under exclusive contract to the Post Office Department bore a variety of insignia and markings. Most trucks bore the following markings:

E Coat of Arms R
Canada

The trucks also bore the inscription "Royal Mail" or "Royal Mail" and "Poste Royale", depending on the part of Canada in which they operated.

In March 1964 it was decided to standardize the markings on a progressive basis as vehicles were replaced or repainted. The standard format is: The Coat of Arms, "Canada", "Royal Mail" and "Poste Royale". However, many trucks still bear the letters "E" and "R" due to the fact that replacement or repainting has not been necessary and decals in stock are still being used.

Highway mail service trucks are not required to display any insignia for security reasons.

Mailmobiles owned and operated by the Canada Post Office bear the Canada Coat of Arms under which appears the word "Canada".

2. No changes have been made this year.

*JOHN C. DOYLE—POSITION OF GOVERNMENT CLAIM

Question No. 2,264—**Mr. Diefenbaker:**

1. What is the present position of the claim of the government of Canada against John C. Doyle?

2. Has any decision been reached?

3. Are there any actions now pending for income tax against the Canadian Javelin Corporation?

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, the answer to part 1 is as follows: Appeals by Mr. Doyle from outstanding income tax assessments have been heard by the Tax Appeal Board and judgment has been reserved.

The answer to part 2 is covered by the answer to part 1.

The answer to part 3 is, no.

DEATHS FROM TETANUS

Question No. 2,265—**Mr. Harley:**

How many deaths in Canada have been due to tetanus in the last five reportable years?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Thirty-four deaths due to tetanus have been reported in Canada in the last five years. These are as follows: 1961, 8; 1962, 5; 1963, 6; 1964, 9; 1965, 6.

[Mr. Côté (Longueuil).]

ELECTRICAL WORKERS—TAXATION OF INCOME FROM PENSION PLAN

Question No. 2,266—**Mr. Prittie:**

1. Is there a pension plan operated by the International Brotherhood of Electrical Workers registered in accordance with the Income Tax Act?

2. If so, is this plan in accordance with section 62 (1) (q) of the act which states that the income of a pension fund is exempt from tax only if it is ". . . a trust or corporation established or incorporated solely in connection with, or for the administration of a registered pension fund or plan, not less than 90 per cent of the income of which for the period was from sources in Canada"?

3. Does this plan meet the requirements for registration contained in the regulations under the Income Tax Act in Bulletin No. 14, *Canada Gazette*, July 18, 1959, which reads: "A plan instituted and operated outside of Canada will only be accepted for registration in the most unusual circumstances. When accepted it will be necessary that it be underwritten by an insurer licensed to do business in Canada or that funds contributed with respect to Canadian employees be held in Canada by Canadian trustees. There must be a specific provision that none of the funds contributed by and on behalf of Canadian employees be diverted to or for the benefit of other than the Canadian employees"?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Parts 1, 2 and 3. Matters concerning particular taxpayers or group of taxpayers are regarded as confidential. Therefore, this question cannot be answered.

COMPARATIVE COST OF LIVING FIGURES

Question No. 2,267—**Mr. Barnett:**

In terms of the cost-of-living index currently in use, what was the average cost of living in each of the years 1946, 1951, 1956, 1961 and 1966 to date?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): The consumer price index for Canada, based on 1949 equalling 100, in each of the specified years was:

1946, 77.5; 1951, 113.7; 1956, 118.1; 1961, 129.2; 1966 (average of 10 months), 143.6.

WEYBURN, SASK.—APPOINTMENT TO DISTRICT COURT

Question No. 2,271—**Mr. Southam:**

1. Was Mr. T. L. Geatros, Q.C., of Weyburn, Saskatchewan, notified by the Minister of Justice in October that he would be appointed to the District Court of Weyburn and Estevan?

2. Was he appointed?

3. If not, who received the appointment?

Hon. Lucien Cardin (Minister of Justice): 1. It would not be in the public interest to

disclose consultations leading to the appointment of judges.

2. No.

3. Franklin E. Rutherford of the city of Regina.

REMOVAL OF EXEMPTION FOR PENSION RECIPIENTS

Question No. 2,292—**Mr. Kennedy:**

Has the government removed the $500 exemption on income, for income tax purposes, on those taxpayers betwen age 65 to 70 years who are in receipt of an Old Age Security pension?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Yes. The Income Tax Act was amended to that effect in 1965.

C.M.H.C.—APPOINTMENT OF LAWYERS

Question No. 2,295—**Mr. Winkler:**

1. Has government policy regarding the appointment of lawyers to act on behalf of C.M.H.C. changed in the past three years?

2. Is the government encouraging applicants to use the government-appointed C.M.H.C. legal representatives?

Hon. J. R. Nicholson (Minister of Labour):
1. No.

2. No.

COMPARATIVE POPULATION FIGURES

Question No. 2,307—**Mr. Latulippe:**

What was the population of Canada in (a) October 1946 (b) October, 1966?

[*Translation*]

Hon. Robert H. Winters (Minister of Trade and Commerce): Information requested is not available for October 1966. Comparable figures are available for June 1, 1946 and June 1, 1966 and may be helpful.

Estimated population, June 1, 1946, 12,292,000.

Provisional estimate of population, June 1, 1966, 19,919,000.

[*English*]

AIR TRANSPORT

AIR TRAFFIC CONTROL—FAILURE OF GOVERNMENT TO ACCEPT REPORT IN LABOUR DISPUTE—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

Hon. Michael Starr (Ontario): Mr. Speaker, I ask leave to move the adjournment of the house under standing order 26 to discuss an urgent matter of public importance, namely, the threatened strike on Tuesday, December 20, by the Canadian Air Traffic Control Association as a result of the refusal of the government to accept the recommendations of Judge John Robinson, the conciliator appointed by the government. I apologize, Mr. Speaker, for not having had time to have this motion translated into French.

Mr. Speaker: Can the hon. member address the Chair on the urgency of debate.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, without referring to what took place yesterday, my submission is that urgency of debate is clearly established by the exculpatory statements which the President of the Treasury Board made. It is necessary that we secure much fuller information regarding a matter that up to the present time has received desultory consideration by the government. The statements made today simply are delaying ones.

• (3:50 p.m.)

Surely, parliament will not be denied the right to discuss a matter which so directly affects the economy as a national strike of air control personnel, particularly following the explanatory statements which have been made. Here is the position of affairs: The air traffic controllers accepted without question the mediation report by Judge Robinson. The message I received today from the air traffic controllers was that they urge government implementation of those recommendations. Responsibility for the failure to act rests squarely on this government.

This is not the case of a labour dispute in which labour has refused to accept the recommendations made by a body set up by the government. It is a quibble to say that Judge Robinson was not a mediator or a conciliator, but merely a recommender or adviser. That is a transparent quibble. The government has been sitting on this problem for months. It has refused to act, and in order to bail itself out it will place on the order paper a motion to bring about compulsory acceptance of a recommendation made by Judge Robinson or, on the other hand, compulsory acceptance of whatever alternative the government has to offer.

This will be the first time in Canadian history that the government of Canada has tried to get parliament to bail it out for its failure

to act in connection with a labour matter. There can be no excuse for further postponement. The bill to be introduced might well be described as the Benson-Pickersgill relief bill to relieve them from the carrying out of their responsibilities. Responsibility for whatever will happen in the event that a strike takes place rests absolutely on the shoulders of the government. That was made clear today. They have played with this, and now they talk of free collective bargaining—free collective bargaining with a shillelagh over the heads of labour and with parliament to be used as a pawn in this game which the government has been playing with the rights of the Canadian people. Could anything be more urgent?

The minister in charge of the Treasury Board says: we are talking now; we are meeting together. Why have they not been meeting all these weeks?

Mr. Pearson: We have been meeting.

Mr. Diefenbaker: The Minister of National Revenue (Mr. Benson) can smile with that supercilious sneer of his. He does that on every occasion. It is his responsibility and what he is trying to do now is to place on parliament the responsibility for his own failure.

An hon. Member: And that of the government.

Mr. Diefenbaker: And that of the government. Even he will realize that. An attempt is being made to place on the House of Commons responsibility for becoming an instrument of intimidation to set aside the rightful claims of the workers in this particularly difficult field of the operation of air control.

In the old days, when the question of the urgency of discussion arose, we had the right of appeal from rulings of the Chair. However, we removed that right in order to assure that there would be a degree of justice which would not be challenged. The other day I took a view which was not accepted by Your Honour. I do not complain of that. But I say again that failure to grant the request of the hon. member for Ontario (Mr. Starr) for an adjournment will mean that the rules are so constricted today that virtually nothing will be urgent enough to permit of the adjournment of the house for the purpose of discussing a matter of urgent public importance.

This is the first time—

Mr. Pickersgill: I rise on a point of order. The right hon. gentleman, I suggest, is not arguing the urgency of debate. He is attempting once more to debate the substance of the motion which the hon. member for Ontario has asked leave to introduce, and I suggest once again that the right hon. gentleman contain himself and obey the rules like the rest of us.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I have a great affection for the Minister of Transport. I have a tremendous respect for him. When he rises, there is about him an aura. One almost has to wear coloured glasses to look at him as he speaks with that authority which he invariably vests in himself. I have dealt very gently with him in all I have said. What has annoyed him has been that I have been talking about the head of the Treasury Board.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Now, I come to him on this question of urgency. The hon. gentleman pops up and down on points of order—

Mr. Speaker: Order; I invite the right hon. gentleman to return at this point to the question we should be considering, that is, the urgency of debating the motion proposed by the hon. member for Ontario.

Mr. Diefenbaker: The interruption by the minister might very well have received your attention, too.

Some hon. Members: Oh.

Mr. Diefenbaker: If I may say so, with great deference, invariably the hon. gentleman raises these gratuitous observations of his, and Your Honour does not see fit to point out—

Some hon. Members: Shame.

Mr. Speaker: Order, I regret very much that I cannot agree with the right hon. gentleman. I believe the point raised by the hon. minister was a point of order; I did not consider it to be frivolous in any way. He suggested that members who take part in the debate at this point should restrict themselves to the very limited scope of the discussion, which is whether there is urgency of debate. I believe the point raised by the hon. minister was well taken.

On the other hand, I fully appreciate that it is not easy for anyone taking part in the debate at this stage to limit himself to this very narrow aspect of the subject. I always

try to take this into account. I must say that when some degree of leniency has been exercised by the Chair in this way it is always a little easier, I feel, to rule against the hon. member who has made the motion. This is why, in general, I have tried in a very sincere way to exercise some leniency in judging the extent to which hon. members respect the limitations placed on them by the rules and by our practice. I know the right hon. gentleman will wish to take that into account.

Mr. Diefenbaker: That is what I have been doing. Had it not been for the usual repetitious interference by the hon. gentleman, I would have ended my argument long ago.

I do suggest, sir, that if ever there was a case of urgency, this is one. This house will not permit itself, if I sense the feeling of this chamber, to become the agency of the government in a matter as urgent as this is.

This house, if I have the feeling of the chamber, is not going to permit itself, on a matter as urgent as this because of the danger to the Canadian people and the economy, to be used as an instrument of intimidation against the air controllers. Yesterday Your Honour said, "Well, wait until tomorrow; there are discussions going on." How long are we to be denied?

Each day the minister can get up and say "It is not urgent today, the strike is not going to be until next Tuesday," while at the same time placing on the order paper an extension of the time for the house to sit, and also to sit on Saturday. In other words, nothing can be more urgent, otherwise the government would not have been impelled to place these extraordinary measures in anticipation before the House of Commons.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I shall not detain the house long. It does seem to me, sir, that the very fact my hon. friend, the President of the Treasury Board, has given notice of the resolution, which he gave at 2.30, is an indication that the government, if this matter does reach that degree of urgency that will require parliamentary action, has already taken the necessary steps to provide an opportunity for the debate.

In the circumstances I suggest, sir, that since the government of its own motion has taken the necessary steps to provide an opportunity for debate, we should not set aside the urgent business which my hon. friend, the Minister of National Health and Welfare (Mr. MacEachen), has before the house at the present time in order to carry on a debate concurrently with negotiations which, as I said yesterday, cannot be very effectively carried on if the government's capacity in regard to negotiations is nullified by the necessity of making public statements about those negotiations while they are being conducted.

• (4:00 p.m.)

There will be that opportunity for debate, unless the matter is settled, in which case I would be quite happy to see the house use its privileges as much as it likes.

Mr. Nielsen: Would the minister answer a question?

Mr. Pickersgill: I suggest, sir, that until there has been an opportunity to see whether this accommodation can be reached, it would not be in the public interest to have a debate. I suggest, sir, that the urgency of debate does not exist because an opportunity will be provided for debate.

Mr. Nielsen: Will the minister answer a question?

Mr. Pickersgill: Certainly.

Mr. Nielsen: If the government does not consider the matter urgent, will the minister tell us why it is giving notice on the order paper for this legislation? If it is not urgent, why introduce the legislation?

Mr. Pickersgill: I consider the matter of the greatest possible urgency. I said so yesterday, but I do not consider it a matter that urgently requires to be debated within the narrow terms of our rules. In my opinion, which obviously isn't shared by all hon. members, while these negotiations are going on this afternoon in another place it would not be in the public interest to have a public, acrimonious debate here.

Mr. Speaker: Is the hon. member for Brome-Missisquoi rising to ask a question?

Mr. Grafftey: No, Mr. Speaker.

Mr. Speaker: The hon. member for Burnaby-Coquitlam.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I desire to make only one point, and that is to refer Your Honour to the fact that yesterday, as recorded at page 11048 of *Hansard,* you rejected a similar motion by the hon. member for Ontario (Mr. Starr), and in these words:

> The question proposed by the hon. member for Ontario is based, by his own admission, on an assumption.

In the latter part of the same paragraph, I read:

—I suggest the point was well taken by the Minister of Transport when he said this is not a fact but a hypothesis or a presumption.

Your Honour was referring at that time to the fact that a strike vote was in the process of being taken, and Your Honour pointed out that the strike vote might or might not result in a decision to withhold services. That point is now settled. There is no longer a presumption or an assumption. This morning the Air Traffic Controllers' Association notified the Prime Minister (Mr. Pearson) that the strike would begin next Tuesday morning at eight o'clock.

It seems to me there can be no argument now as to the question of urgency. The country is faced with a very serious crisis. The Minister of Transport (Mr. Pickersgill) argues as to the advisability of debate but he certainly has not argued against the urgency of debate. I point out to Your Honour that the minister says the government has provided, by its own motion, an opportunity for debate. But it only provided for an opportunity for the government to make a statement and for one member from each party to make a statement. This denied all other hon. members an opportunity to debate, and certainly denied us an opportunity to question the minister.

Mr. Pickersgill: I am sure the hon. gentleman would not want to misrepresent what I said. What I meant to say, and I probably phrased it badly, is that the notice which has been put on the order paper will provide an opportunity for full debate unless there is an accommodation reached.

Mr. Douglas: I understood the minister to say both, and I was coming to that as well. The minister also said that there will be ample opportunity for debate if legislation is necessary. It is precisely because we hope legislation can be avoided by having a discussion that we support the call for an adjournment debate. We want to know two things: One, why the government has refused to accept the recommendations of Judge Robinson. I tried three times yesterday to get a statement from the minister on that, but he was not prepared to give such a statement.

We need to know why the government is so adamant. It may have perfectly good reasons, but certainly when those reasons are held so strongly that they bring us to the verge of a national crisis, parliament and the country have a right to know what those reasons are.

[Mr. Douglas.]

Also, the people of this country have a right to know what is in Judge Robinson's report. It is not going to be good enough for us to have legislation suddenly thrown at us late Friday afternoon or Saturday morning, with no opportunity to study Judge Robinson's report, no opportunity to know why the government has refused to implement his recommendations. We will have this legislation tossed at us and be told, "You must pass this legislation in a few hours or all the airports in Canada will be closed."

Surely, that is not fair to parliament or the Canadian people. We ought to have an opportunity here on Wednesday afternoon, December 14, to know what is in that report and to know the reason the government has rejected it. Then, knowing this, if legislation is necessary, we will be better informed and better able to discuss it intelligently. Therefore, Mr. Speaker, it seems to me there is a cast iron case for allowing debate, at which time the government can give us some of the information it has hidden from parliament up until now.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, judging by what the Minister of Transport (Mr. Pickersgill) has said, if he was speaking for the government and for the President of the Treasury Board, then the best axiom we can apply to the government is, "Why do today what we can put off until tomorrow?" That is not a good axiom and very early in life I was taught not to live by it.

With respect to urgency of debate and the motion presented by the hon. member for Ontario (Mr. Starr), I point out that we are on the verge of a national crisis. If that crisis occurs it will be very awkward to have to start repairing all the damage then done which could possibly have been prevented prior to the crisis taking place.

I well remember the last occasion the house was called into session to discuss strike legislation. The strike in question was on at the time and I remember all the side-stepping, backtracking and tango dancing done by the government to revise its strike bill after the opposition pressed for something sensible in that legislation.

By allowing this debate today before strike legislation is introduced, parliament will be permitted to give its views. The opposition may present some sensible solutions that the government might wish to consider in drafting its legislation, rather than waiting until

the crisis is at its peak. If legislation is introduced then, we will have to start fighting to put sense into the legislation.

• (4:10 p.m.)

I think one of the main purposes of a debate is that it would permit this government to listen to the views of the opposition in respect of what is becoming an urgent matter. At regular intervals we are faced with the same crisis—a strike threat here, a strike threat there, a strike here and a strike there. I think it is better that we try to control the disease instead of trying to provide a cure after it is at its peak. I cannot think of a more crucial or urgent matter which necessitates our immediate attention. At this time of the year particularly, we cannot permit ourselves to become involved in an air line strike. First of all, we would look like a bunch of nitwits here and, second, we cannot afford it. This is a very urgent matter and I strongly recommend this debate so that we can express our views on this matter to the government.

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, with the other developments which have taken place since yesterday and the fact that the strike vote now has taken place, I think we are in order to move that a debate on this proposed stoppage be held at the present time. In our democracy we cannot predict the results of a free vote. The time is crucial. The government has a right to be concerned about the amounts recommended in the proposed settlement. We know they were not sufficiently concerned about the amount settled upon in the Montreal dock strike. This was very forcibly brought to their attention by all groups in the opposition. In effect, what has happened has been that the government has learned from the opposition to be a little more wary. I think we should congratulate them on this ability to learn. We should be concerned about the cost of air transport in Canada. Air Canada has just underwritten one of the most expensive experiments ever undertaken in the entire world in its agreement to buy supersonic aircraft. This is a development which has been relatively unnoticed in this house and yet it is one the cost of which is fantastic. We need to show more concern about this than has been shown up until now.

It is interesting to note that the hon. member for Burnaby-Coquitlam (Mr. Douglas) has advocated what has amounted almost to a proposal to raise the status of any mediator or conciliator automatically to that of an arbitrator. This is a policy which is not in accord with his party's avowed stand on compulsory arbitration. However, if we could bring that about in this way it might be the thing which would improve our system of dealing with strikes. We would simply appoint a mediator and both sides would be bound by whatever he decided, because surely what fits the left foot also must fit the right foot.

I should like to add one more point on this matter of urgency. We are in a crisis. It is ironic that the anniversary of the birth of the Prince of Peace also should be the reason of labour strife. The distortion produced in our economy by the Christmas season is a problem which we well might send to the Canadian Economic Council for consideration.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, in speaking very briefly to the point of urgency, I should like to say that the Leader of the Opposition (Mr. Diefenbaker) in opening up this discussion of urgency referred to the fact that this parliament did not wish to be faced with a *fait accompli*. It might be argued that the government wants to put a resolution on the order paper so that we can debate the issue soon, but this is just what we in the opposition wish to avoid. The government's credibility in respect of settling labour matters has been seriously endangered over the past months and years because it has intervened on one side and sometimes on the other. If the urgency of debate is recognized, then this house can have a full and frank discussion of this crisis situation. It is very possible that by this means we might avoid the necessity for the kind of legislation that would only exacerbate the labour-management-government situation. The hon. member for Bow River (Mr. Woolliams) time and time again in this parliament over the last weeks and months—

Some hon. Members: Oh, oh.

Mr. Grafftey: You know, when a government feels guilty they always joke and make light of a situation; when they are pushing their heads in the sand, they laugh. In respect of our repeated request for management-labour-government legislation, the government has promised us a task force. When the late President Kennedy spoke of a task force he meant experts all across the nation.

Mr. Speaker: Order, please. Does the hon. member not feel that he now is getting to some extent away from the question of the urgency of debate.

Mr. Grafftey: Mr. Speaker, the urgency of debate is this. We always deal with one situation, but this is not just one situation. The hon. Minister of Labour (Mr. Nicholson) frankly admitted to us that not a week has gone by during his tenure of office when there has not been a strike. This kind of thing is going on every single week. The people of Canada want us to deal not with just the air strike but with the whole fumbling and bumbling of this government in terms of the overall problem.

If this matter of urgency is not recognized by the Chair, we will be faced with a *fait accompli* by a government which is to bring in legislation in this regard. As a member of Her Majesty's official opposition, I do not wish to have any part in the triumph of the right wing of that dinosaur cabinet. The kind of legislation which the minister wants to bring in, and which I want to avoid, is nothing more nor less than a triumph of the bureaucratic right wing of the cabinet. I want a debate here this afternoon in order to avoid that kind of legislation which will only hurt management-labour relations. I want to hear what the Minister of Manpower and Immigration (Mr. Marchand) will have to say in this regard. We all wish to hear from this great friend of the labour movement.

Mr. Speaker: Order, please. I have the impression the hon. member now is making the speech which he might have the opportunity to make if the motion is granted. I cannot think of any other speech he might make except this one. I do feel he is going beyond what I thought was the limited scope of the discussion at this point.

Mr. Grafftey: May I summarize very briefly Mr. Speaker. In order to avoid the kind of legislation which I think will be harmful to any future situation of this type, I think we should have a debate this afternoon. I do not wish to be faced in 48 hours with a *fait accompli* and be a participant in the triumpth of the right wing of the Liberal government.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I should like to make two or three points on this matter of the urgency of debate. May I respectfully point out to Your Honour your ruling of yesterday afternoon.

• (4:20 p.m.)

Mr. Speaker: I might mention to hon. members that this was done in the course of the afternoon.

[Mr. Speaker.]

Mr. Lambert: With the greatest respect, Mr. Speaker, there is nothing wrong with referring to it again because it leads up to the remarks made by the Minister of Transport. Yesterday, the hon. gentleman said the vote had not been taken, and therefore it was presumptuous to decide anything on the basis of what might happen. Now, the Minister of Transport says there is to appear on the order paper, and notice is being given, a proposal to deal with this matter. However, with the greatest respect Mr. Speaker that settles nothing. Certainly, it should not be deemed that this debate would anticipate something that is already on the order paper. This is in the nature of a definite confession if it is deemed to be a reason this debate should not take place.

In any event, the question of opportunity of debate must always remain foremost in Your Honour's mind. There are no estimates left. There is no indication that the government is going to call this item of business. There is no indication that this house will sit extended hours on Friday or Saturday. There is no certainty about that; nothing has been decided by the house. It is not what the government decides that determines whether this house shall hold a debate. It is this house that decides whether there will be a debate, subject of course to Your Honour's approval. The decision is not based on the fact further negotiations are taking place, as the President of the Treasury Board (Mr. Benson) or the Minister of Transport indicated, because negotiations could continue until 0755 hours on Monday morning and at eight o'clock these people could be on strike. It is the strike that we want to prevent. There is the further principle that this house must debate, the question of participation by public servants in a strike, with parliament, the final arbiter, as one of the parties—because that is what it is.

The situation may be novel because this is one of the few times we have been faced with a direct strike by public servants, involving parliament and the government of Canada. We should not be precluded from discussing the matter, under the circumstances, even though the hour is late. In the light of what was said yesterday, I submit that Your Honour has no alternative but to allow the motion today.

Mr. Speaker: I know that a number of hon. members want to take part in the debate, and I do not want to cut off the debate on the point of order. However, there is just about an hour and a half left this afternoon, and even

if the motion is granted at this point there would not be very much time to debate the matter. On such an important matter I do not want to preclude discussion, and if the hon. member for Prince (Mr. MacDonald) and the hon. member for Lapointe (Mr. Grégoire) want to contribute further to the debate on the point of order, I will recognize them. The hon. member for Lapointe.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I merely wish to say that, to my mind, the debate is urgent, the matter is important and we should discuss it today. We must not wait until the strike is under way before trying to settle the matter; better to do so before it starts. In view of the considerable loss of money the strike would involve, and the fact that the government does not seem to be able to settle it, I feel the urgency of the debate is obvious. The other day, an appeal was made, on all imaginable grounds, to solve a certain problem as rapidly as possible. I believe the problem which confronts us today must also be settled as soon as possible. In order not to hamper the development of Canada, such strikes must be prevented. It is therefore imperative that we discuss the matter today.

That is what I had to say. Let us have the debate, so that we may suggest how to settle the labour dispute.

[*English*]

Mr. David MacDonald (Prince): Mr. Speaker, I will make my remarks very short and to the point. I will point out three matters that I think are different today as compared with yesterday. Your Honour indicated in his remarks yesterday that the matter had not then come to a strike vote. We now know that 94.5 per cent of the controllers voted for the strike. That is the first fact. The second one is that the date has been set as next Tuesday. Some had expected the date to be set in January. The third, and most important fact I think, to be remembered this afternoon is that after seven hours of negotiation yesterday, the controllers in conference by telephone last night decided that on the basis of what they had heard in those seven hours they could do nothing but call for a strike next Tuesday morning at eight o'clock.

I think the Minister of Transport (Mr. Pickersgill), when he suggested that discussion here would hurt negotiations going on elsewhere, is playing fast and loose with the whole purpose of the parliamentary process. If we have not a right to be discussing here, publicly, the issues that face this country, there is something wrong with my conception of parliament and Your Honour's. I think it is something that should be straightened out here this afternoon.

Furthermore, Mr. Speaker, I have asked repeatedly over the last five weeks why we have been deprived of the opportunity of reading for ourselves what the Robinson report has to say. The Minister of Transport was very careful, when circulating this report to the bodies concerned, to keep it shrouded in the utmost secrecy. I think this does not bode well for the kind of negotiations under way at the present time.

In addition, I cannot see how the government can contemplate bringing in legislation of this kind which says, in effect: We have ceased to be able to run our own house and must now pass legislation to force our employees to work for salaries that are below the proper level. I think now is the proper time, and we are in the proper place, to discuss this issue of national and urgent importance.

Mr. Speaker: After the brainwashing to which the Chair has been subjected during the last few minutes it might be very difficult at this point for me to say that I am not in agreement with hon. members who suggest that we should have an adjournment of ordinary business at this time. It is not easy for me to reconcile the opposing views on this question. Certainly, a very strong point has been made by the hon. member for Ontario (Mr. Starr), the right hon. Leader of the Opposition (Mr. Diefenbaker) and by all hon. members who took part in this debate that there should be an adjournment of the ordinary business assigned for today for the purpose of debating this matter of public urgency.

In view of what I said yesterday when this motion was made by the hon. member for Ontario, I am placed in an extremely difficult position today if I say that I cannot accept the motion. There is a seriously complicating factor, namely the notice of motion, with which we are faced. Hon. members know that the difficulty is there. The hon. member for Edmonton West (Mr. Lambert) referred to this question, but perhaps he should more specifically have mentioned standing order 26 (6) (d), which is rather difficult for the Chair to circumvent.

Mr. Lambert: I am fully aware of that. But it is not on the order paper.

Air Traffic Control Dispute

Mr. Speaker: If the hon. member will read the standing order he will see that it says, "with reference to which a notice of motion has been previously given". Notice has been given. The hon. member may not agree with this, but certainly notice has been given.

Mr. Lambert: No.

Mr. Speaker: It has been placed in the hands of the Clerk of the House, and there is no question in my mind but that notice has been given.

Mr. Lambert: Well, Mr. Speaker—

Mr. Speaker: The hon. member has had the opportunity to make this point. I take into account what he has said and have come to the conclusion, not necessarily easily, that the terms of this standing order do not preclude the acceptance of the motion. However, I feel this is a borderline case procedurally; there is no question about it. The only difficulty with which I am really faced at the moment is the notice. The notice, though filed with the clerk, is not on the order paper, and this places the government in a weaker position to oppose a debate at this time.

• (4:30 p.m.)

There is no doubt whatsoever that there is considerable public interest in this very important matter, as evidenced by the statements made by hon. members this afternoon. I am taking into account the fact that this is a short day, and that there is an hour and a half or so left in which hon. members might have the opportunity to indicate what, in their view, the government might want to do in connection with the settlement of this strike. In considering all aspects of the matter, the public interest and the fact that the procedural case against the motion is not too clear or too strong, I believe that I should accept the motion of the hon. member for Ontario.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I wonder if the hon. member for Ontario would permit me to ask the house to allow me to revert to motions. I wish to table two copies of the first half of the Robinson report, so that it will become a public document. I regret that the judge did not have it printed and there are only a few copies, but I will try to get as many copies as I can. I think it is only fair to hon. members, Your Honour having made the decision, that they should have the document.

Some hon. Members: Agreed.

Mr. Speaker: The hon. member for Ontario (Mr. Starr), seconded by the hon. member for Edmonton West (Mr. Lambert) moves that the house now adjourn.

Hon. Michael Starr (Ontario): Mr. Speaker, in asking permission to table the first half of the document, the Minister of Transport (Mr. Pickersgill) has used the same argument that was put forward yesterday, namely that it was necessary for the government to wait until they received the second half of the report before any conclusions could be reached. May I say to the government and to the ministers who are involved in this whole affair, in particular the Minister of Transport, that the most important issue in the dispute is the salaries and wages of the members of the association. The first part of the report makes a recommendation in that direction. All the government has to do, without further procrastination, and in view of the fact that they appointed a renowned judge to inquire into the whole situation, is to accept his report. This is our advice, unless the government has not been frank and revealed to us the whole situation. The government has not told us up to date what are their reasons for not accepting the recommendations of Judge Robinson.

Let me tell the government that there must have been a reason for choosing Judge Robinson to take on this important task. I am well aware of the fact, owing to my previous association with the labour department, that on many occasions that department has used Judge Robinson's services in disputes between management and labour because he has a good reputation and he is renowned for his work in this area. I suggest this is the primary reason for the selection of Judge Robinson from amongst other judges. Surely, if he was chosen on that basis, then this government should have no hesitation in accepting his recommendations, especially since these recommendations are considered by at least half the people who are involved in the dispute, that is the employees, as a fair and just settlement. It is our opinion that what the judge recommends is fair and just, in view of the fact that he has recommended an average of a 15 per cent increase. We can only assume that these are the facts because we read about them. The government has not been frank with parliament and has not told us what are the true facts. If these are not the facts, then I think the President of the Treasury Board should inform the house as to why he does not consider the recommendations to be acceptable. Why is the government refusing to accept

the recommendations which they requested Judge Robinson to make.

Having regard to the reputation of Judge Robinson I should like to know why, upon receipt of these recommendations, the government feels that he knows nothing about the situation. This dispute has not arisen all of a sudden in the past two or three days. It has been going on for some 18 months because of dissatisfaction amongst the members of the Canadian Air Traffic Control Association. Time and time again they have brought their grievances before the government. These have been considered by the Civil Service Commission and by the Department of Transport. Various means were investigated to find a solution to the problem, all to no avail. This problem could not be settled by the government, so they appointed His Honour Judge Robinson to help them in their dilemma. However, when Judge Robinson brought forward his recommendations for a just settlement, the government, which found no method by which to settle the dispute, rejected the sensible suggestions and recommendations made by the judge.

The government which, a few months ago accepted the recommendation of another appointee for the settlement of a dispute on the basis of a 34 per cent increase, now says that 15 per cent is not acceptable in this case. When will they realize that 15 per cent is less than half of 34 per cent and that a recommendation for such an increase should certainly not be subject to any criticism, particularly when it is generally known that the members of this association are entitled to a reasonable increase? Judge Robinson did not bring forward these recommendations in a few days. I suggest that if his recommendations are adopted at the present time, the employees would not strike. We are faced at the present with the threat of a tie-up in our nation's transportation. This strike is not similar to the one which was experienced by Air Canada for at least ten days; it would be a great deal worse. It will shut down all air services in Canada because the air control people are the most important people at the airfields. The air services of this country will be completely suspended and thus the economy of the nation will suffer.

I will not cast aspersions on any minister, but it seems to me that over the past number of years it has been brought forcibly to the attention of anyone who has had the opportunity to study the actions of this government in matters of this kind that the government has hidden behind the fence of free collective bargaining. This is nothing but a hoax. Free collective bargaining can take place in the various ways provided under the Industrial Relations and Disputes Investigation Act. The act permits the government to offer the services of mediators, conciliation boards and conciliators to conduct negotiations on the basis of free collective bargaining. In various disputes similar to this one, we have often heard the government defend the point of view that any interference by a minister of the crown would be an interference with the process of free collective bargaining. This argument is absurd and nonsensical. The Minister of Labour (Mr. Nicholson) has a responsibility to the people of this country to act as a mediator on the basis of free collective bargaining in many instances where all other attempts at a settlement have failed. This has been my experience on many occasions. No one ever heard any criticism from either labour or management that free collective bargaining has been interfered with because a minister of labour acted as conciliator or mediator.

• (4:40 p.m.)

In this respect the government was guilty of a tremendous failure. This is the reason we have had a disruption of our economy and that labour-management relations, and in turn their relation with the government, have broken down and deteriorated in the past few years. The government has made no effort, but has sat back and waited and waited in the hope that some miracle of some sort would occur, and that a strike would not affect the various sectors of our economy. But it has not worked out this way.

This government must realize that they have a responsibility to the people of this country. This government must wake up to the fact that they have a responsibility in the field of labour-management relations. This government must wake up and realize that they must participate in labour-management relations and endeavour to bring about a solution to the disputes which have been occurring in this country.

By doing this they do not need to worry about injecting themselves into this field and disrupting the process of free collective bargaining—far from it. The government must assist the process of free collective bargaining. Any observer of the disputes that have occurred in the past years, particularly in the federal field of jurisdiction, will have noticed

that time and time again, because of the prolonged negotiations and the dragging out of the processes of conciliation, labour and management have become impatient. They have only been going through the process, waiting for the time when they will throw the problem on to the table of the Minister of Labour. They have been waiting for him to deal with the problem.

However, Mr. Speaker, they do not want compulsory arbitration. Labour does not want it and neither do we. We do not believe in it if we are to maintain the principle of free collective bargaining. But labour and management do expect the government to negotiate as a third party in bringing labour and management together, and in this the government has once again failed.

The government say that they believe in free collective bargaining, that negotiations and meetings are taking place—two hours today, two hours tomorrow, a break for dinner, a break for the week end. Is this the way to conduct negotiations and to hold meetings in order to bring about a solution to a problem, Mr. Speaker? Certainly not. Anyone who knows anything about management and labour negotiations knows that you cannot break off; you must continue talking. The government is talking utter nonsense when it says that it met with these people on the west coast for two hours and then broke off for dinner for three hours; that it met them again the next day and then broke off for the week end. That is no way to carry on negotiations to bring about settlement, but it is the method that the government has adopted.

A few weeks ago when we had this disruption on the west coast involving the longshoremen, the Minister of Labour went to Vancouver and evidently put forward some formula that the stevedoring firms rejected. The minister came back to Ottawa and the government were ready to put through legislation to appoint an administrator who was to hold talks with the stevedoring firms. I suggest to the government that, as employers, they are failing in their attempt to resolve this question by not putting forward legislation to force these people back to work. The government should be doing the same thing that it wanted to do in respect of the stevedoring firms. I suggest that they bring in an administrator to run the affairs of the government.

This matter can be solved, Mr. Speaker. There is some hidden reason that has not been explained to parliament as yet for this obstinate attitude of the government, which has now injected itself into this very serious problem. The only thing bringing about this situation with which we will be faced next Tuesday night, December 20, is the inaction of this government. The government must be frank with us today and must tell this house the specific reasons for rejecting the recommendations of Judge Robinson.

Do not let the government tell us, Mr. Speaker, that they are waiting for the second report, because the second report has nothing to do with the settlement of this dispute or wih the strike that has now been set. Yesterday, we were talking about the danger of this situation and about the necessity for taking immediate action. If the government is unable to take immediate action, then parliament should be given the opportunity of expressing the feelings of the people of this country and of advising the government.

The reason given by the government for inaction yesterday was that our apprehensions about the result of the strike vote might be unfounded. The situation was hypothetical in that we were presuming the strike vote would be carried by a majority of the union members. What the result was going to be was quite obvious to everybody except the government—or were they using this as a smokescreen or an excuse? It is now evident, the result of the strike vote having been made known, that the government were actually throwing a smokescreen over the members of this chamber in order to procrastinate for another day.

Mr. Munro: May I ask the hon. member a question?

Mr. Speaker: Does the hon. member who has the floor wish to receive a question from the parliamentary secretary?

Mr. Munro: Is the hon. member suggesting that mediation can only be successful when a minister of the crown intervenes?

Mr. Starr: Of course not.

Mr. Woolliams: He never said that.

Mr. Starr: There are occasions when this is successful, but it has certainly not been successful when any member of this government has been carrying on mediation.

But in this case, the situation is a great deal different because the government has appointed a mediator, a person who is experienced in labour-management disputes and

who has continually been used as a mediator by the Department of Labour to intervene in many disputes, even in my time. He is looked upon as a person who has the experience to give wise judgment and be able to bring together both parties. He has been appointed by this government. Yet when he brings the most important part of his report, a strike vote having been taken and a date set, this government refutes his recommendation and throws it out of the window. They must tell us why they have done this.

Mr. Pickersgill: Would the hon. member permit me to ask him a question. Has the hon. gentleman read the order in council which appointed the judge? It was tabled in the house at the time.

Mr. Starr: I heard what was said by the President of the Treasury Board yesterday.

Mr. Diefenbaker: According to page 28 of the report, the judge said he had the power, so that answers all that nonsense.

Mr. Turner: He extended his own terms of reference.

Mr. Starr: Is the Minister without Portfolio (Mr. Turner) questioning the integrity or knowledge of the learned judge, who has a great deal more experience in this area than has the Minister without Portfolio? According to his report, he said he had all the power required. I do not think that this judge would ever overstep his jurisdiction at any time, whether on the bench or in the field of labour-management negotiations. There has never been any criticism of him; and then all of a sudden, when he brings in a report which for some unknown, mysterious reasons this government does not want to accept, the government are prepared to besmirch his character and say that he is wrong.

Mr. Diefenbaker: The judge interpreted the position at page 28.

• (4:50 p.m.)

Mr. Starr: It was even hinted yesterday that there was no rush for parliament to discuss this matter; that the strike date might not be set until the first of the year. That was intimated. But what did the strike vote bring? It brought about the date, for next Tuesday. Now, we shall have legislation, as part of our pre-collective bargaining process this government hides behind, to force people back to work. This is through no fault of the employees but is because this autocratic, arrogant government is not prepared to give them what a renowned judge has recommended.

I will read from page 28 of the judge's report:

> In the Direction by the Minister of Transport dated July 14th, 1966, that a Commission do issue appointing this Commissioner and at paragraph 4 thereof we find the following wording:
>
> "4. . . . to report to the Minister of Transport . . . with such recommendations as he deems appropriate, including recommendations on the effective dates of any changes proposed"

Mr. Nielsen: Any recommendations he felt.

Mr. Starr: I continue to read:

> This wording, in my opinion, supports the interpretation that rates of pay are included within the terms of reference because it would confer jurisdiction upon the Commissioner to recommend retroactive changes and, as a general rule, retroactivity is applied to pay rates as distinguished from other improvements in working conditions.

That is why he brought down the first report.

> I might also refer to one additional consideration. If, as a result of a full and careful investigation, this Commissioner came to the conclusion that the present rates of pay, for this particular service, had not been determined upon a proper basis, due to the fact that the factors and considerations, which should be applied, had not been applied, then, surely, it would be an exercise in futility if, under such circumstances, the Commissioner had no jurisdiction to recomend appropriate changes designed to correct the situation.

Mr. Pickersgill: Would the hon. gentleman permit a question?

Mr. Starr: Let me finish reading from the Commissioner's report.

> Indeed, in my view, if such a result were to ensue, the whole purpose of the inquiry might well be frustrated with a consequent aggravation of the rather sensitive situation, the existence of which gave rise to this investigation.
>
> For the above reasons I have come to the conclusion that the terms of reference under this Commission do include jurisdiction enabling the Commissioner to make specific recommendations as to the rates of pay for Air Traffic Controllers, if, as a result of the investigation, it is determined that the present pay scales do not properly reflect the factors and considerations that should be taken into account in determining such rates of pay.

What could be more simple? The Minister of Transport says that he does not agree with this. He says the judge had no business writing these words into this report.

Mr. Pickersgill: That is not what I said.

Mr. Starr: That is the intimation he gave. Does the government say now, having read

this report "Throw it through the window; we know better. We do not want it because the judge has not recommended what we hoped he would recommend." This is a judge, I point out, who has experience in labour matters, and who has had discussions on many such matters. This is the judge who brought forward a report based on his experience.

Mr. Turner: Would the hon. member permit a question? Would the hon. member be willing to show the house where in the terms of reference, there is jurisdiction given to the commissioner to determine rates of pay.

Some hon. Members: Oh, oh.

Mr. Starr: Mr. Speaker, I listened to the terms of reference yesterday. I am not a lawyer and I am not trying to protect myself in that respect. Believe me, if the government's terms of references have been worded in the same way they run this country, then no one can understand what the heck they mean. I am sure that not even the judge was able to understand them. He read the terms of reference and he felt that he was entitled to make these recommendations.

Mr. Pickersgill: Mr. Speaker, I wonder if the hon. gentleman, who is always very reasonable and fair would mind reading paragraph 3 of the order in council appointing the judge. That is to be found at the beginning of the report.

Mr. Starr: By asking me to read that I think the Minister of Transport is degrading the judge.

An hon. Member: No.

Mr. Starr: The minister is saying that the judge did not understand his terms of reference, that he has stepped beyond the bounds of the terms of reference drafted by this government. I rely on Judge Robinson, as I have always done in the past and as many others have done. I would rather take his interpretation of what the terms of reference mean than the interpretation of the Minister of Transport or the interpretation of the President of the Treasury Board.

Mr. Woolliams: Or the interpretation of the Minister without Portfolio.

Mr. Starr: There is no question about that. This government appointed a special investigator in the person of His Honour Judge Robinson. They asked him to do certain things. He read into the terms of reference what he considered were his duties, and he performed those duties. On November 7 he brought down the first part of his recommendation, the part that the whole situation hinges on now, the part on which the strike vote was taken. That vote was taken because the government refused to accept the recommendations. The date has been set for Tuesday, December 20.

I urge the government to change its mind. Unless the government is frank with us in putting forward valid and just reasons for failing to implement that part of the report submitted by Judge Robinson on November 7, grave consequences will follow. Is the government trying to convince the members of this house, representing the people of this country, that its judgment in this matter is better than the judgment of Judge Robinson? I do not think the government can maintain that view. I urge the government, in the interest of the Canadian economy and the people of this country to come to its senses and to be fair to its employees. I urge them to accept the recommendations of Judge Robinson and avoid the disruption that is viewed with apprehension across the country. Every week when people in different parts of the country pick up their newspapers they read about impending strikes in industries under federal jurisdiction. This does not help the morale of the people. I urge the government to mend its ways and to think this matter over. Do not bring in this repulsive legislation which will force men back to work in the government's employment. Rather, let the government see light and reason and accept the report and recommendations of His Honour, Judge Robinson.

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, the traditional position of civil servants in dealing with the government of Canada has been that their pay has been determined by the government arbitrarily. It has been determined on an arbitrary basis through a minute of the Treasury Board. Such a salary settlement was then imposed on civil servants.

Changes have taken place in this process since we became a government, and greater changes will take place in the future when we move into collective bargaining through the three bills presently before a joint committee of this house and the other place.

I have been berated by the hon. member for Ontario (Mr. Starr) for being small and meagre. One of the most interesting things I

have learned from talking to civil servants in the past few years is this: the basis for their being so far behind in salaries is that the former government headed by the right hon. Leader of the Opposition (Mr. Diefenbaker) failed to provide civil servants with salary increases, when they should have had them.

• (5:00 p.m.)

Mr. Woolliams: Is that your case?

Mr. Benson: Mr. Speaker, if the hon. members who were so anxious to hear from the government would allow me to speak on behalf of the government, I will continue to deal with this important matter.

The position with regard to the air traffic controllers is this: Their salaries were set, along with the salaries of a large group of other employees, effective July 1, 1965. They were granted an increase of 12 per cent at that time plus an additional three per cent effective July 1, 1966. This totals 15 per cent. The figure used by the hon. member for Ontario (Mr. Starr) with reference to the implications of the increase recommended by Judge Robinson, including longevity payments, does not add up to 15 per cent; I am informed it adds up to 23 per cent. So, what we are concerned with here is an increase of almost 40 per cent for the air traffic controllers over two years. These are the facts. Look at the report.

Mr. Lewis: Is the minister suggesting that the implementation of Judge Robinson's report tomorrow would involve a 23 per cent increase tomorrow? Is he not aware that the proposal relates to supplementary payments for years of service over a number of years?

Mr. Benson: The hon. member does not appear to recognize that Judge Robinson believes service to date should be recognized, and most operational controllers are in the operational category, which is group five, with seven to ten years service, and would be entitled to longevity pay. The point to point increase over a two year period, if it were granted, including the 15 per cent already given, would add up to more than 40 per cent, I am told by my officials. Mr. Speaker, I can just see hon. members on the other side of the house howling if we granted people a 40 per cent increase over a two year period.

Some hon. Members: Hear, hear.

Mr. Benson: I am very pleased we now have the hon. member for Ontario on our side, saying the government should give people great increases. He was complaining the other day about a 30 per cent increase for seaway workers over two years. Now, he says we should be giving a 40 per cent increase to civil servants.

Mr. Starr: I rise on a question of privilege. *Hansard* will record that I said nothing of the kind. The minister is trying to put forward a case based on false versions of what I have said.

Mr. Benson: I indicated that the figure of 15 per cent he used was absolutely wrong. The increase which was granted was made under a contract which expires on July 1, 1967 at which time negotiations will take place under collective bargaining arrangements which will govern salaries from that point onward.

Mr. Lewis: Are you sure you will not exclude them?

Mr. Benson: We hope no civil servants other than management will be excluded from collective bargaining.

Mr. Lewis: Is the minister assuring parliament that these air control people will not be excluded from bargaining untis by the government?

Mr. Benson: I have answered that question. No one will be excluded from bargaining units expect management personnel.

Mr. Byrne: Not even their lawyers.

Mr. Benson: To deal with Judge Robinson's report, we have not accepted that report although we have accepted the most important concept, in my opinion, which it contains.

Mr. Diefenbaker: Everything but the wage increase.

Mr. Benson: The Leader of the Opposition will have a further opportunity to speak provided he allows me to speak.

Mr. Diefenbaker: The minister has made a statement. I ask him what portions of the report are acceptable to the government.

Mr. Benson: If the Leader of the Opposition will give me the opportunity, I will deal with that point. I was about to say that one of the important recommendations in the report was that air traffic controllers should be compared with airline despatchers. We agree with this in principle—that their salaries should be comparable with those of airline despatchers.

There is, however, one error in the report—I do not say this to be critical of Judge Robinson. But there is an error in the report in that he has assumed a person can become an airline despatcher in two years. In theory this may be so, but we have checked with Air Canada and we find that one in the past ten years has become an airline despatcher in a period shorter than five years. The most usual period is nine years. By taking this longer period, the salary scales computed by Judge Robinson and included in his report are automatically thrown out.

As I say, we accept the principle that, man for man, with equal service in this particular field through assistant despatcher and on to airline despatcher, and through the various grades of air transport controllers, equivalent rates of pay should be given. What we cannot agree to is the proposition based on the calculation of rates of pay on the assumption that a person becomes an airline despatcher in two years. In Air Canada that is not the case.

Mr. Speaker: I wonder whether this would not be an appropriate time for the Chair to intervene and bring to the attention of hon. members that there are only about 35 minutes left for debate this afternoon. I am referring to no one in particular, but perhaps hon. members might wish to exercise some personal discipline in limiting the length of their speeches so that more members might have an opportunity to take part in the debate. The hon. minister has the floor.

Mr. Benson: This is the basic problem we had when dealing with Judge Robinson's report.

Mr. Nielsen: May I ask the minister a question?

Some hon. Members: Sit down.

Mr. Nielsen: I am sure the minister would be most happy to answer my question.

Mr. Speaker: Does the minister allow the hon. member for Yukon to ask a question at this time?

Mr. Benson: If hon. members opposite would allow me to finish—and I do not intend to speak at great length—I will be pleased to answer any questions they may have if it is within my ability to answer them.

For the reason I have given, the government was not able to accept the full report of Mr. Justice Robinson. This has been the subject of our discussions with the air traffic controllers over the past two weeks at least.

[Mr. Benson.]

With regard to the meetings which have taken place with the air traffic controllers I am told we met with the controllers whenever they requested to meet with us. Furthermore, we agreed to discuss the first part of the report without waiting for the second part of the report to come to hand. Again, the adjournment last week from Thursday to Monday took place at the request of the air traffic controllers. We have always held ourselves ready to meet with them and discuss this matter.

On Monday night we felt we could not accept the full report of Judge Robinson. Their position was: we must have the full report or we shall not be satisfied. The C.A.T.C.A. withdrew its negotiators at that point.

We met again this morning. As I indicated, I met personally with the members of the three associations. One of the difficulties here—a difficulty which does not exist when there is collective bargaining; and I would remind hon. members that there is really no basis for collective bargaining in the civil service at the present time—is that employees who are air traffic controllers are represented by three organizations and it is necessary to meet with representatives of these organizations separately.

• (5:10 p.m.)

This morning I asked them to come altogether to meet with me.

Mr. Woolliams: What are these organizations?

Mr. Benson: I mentioned them earlier. They are the Public Service Alliance, the Professional Institute and the Canadian Air Traffic Controllers' Association.

Mr. Lewis: The latter has the majority.

Mr. Benson: I am not going to get into a jurisdictional dispute as between the various associations at this time because presently we have no system for certifying anyone as a bargaining unit, but I hope with the assistance of the house and the committee we will get that very soon after the New Year.

This morning, as I mentioned earlier—

An hon. Member: What offer did you make?

Mr. Benson: I am not going to indicate to the house what offer we have made to the air traffic controllers.

An hon. Member: Because it is embarrassing to you.

Mr. Benson: I am not embarrassed but I do not think it would in any way help negotiations at this time. At the moment offers have been made to them. They have spoken to us and there has been an agreement that the discussions would be in confidence. I, for one, intend to keep confidence while the negotiations are going on.

There are two other things to which I would like to refer. After this morning's meeting, I believe there is some hope of getting together and solving this particular problem without the necessity for legislation. I, for one, certainly hope this will be the case. This morning I explained quite fully to the three associations the position of the government, that we as a government cannot afford to have the air lines in Canada closed down.

We have to have every concern for the employees of the government of Canada, but our overriding concern must be for the people of Canada. Believe me, Mr. Speaker, in negotiations, and in looking at Judge Robinson's report to decide what we could accept, the amounts we could accept, we have had the interests of the people of Canada in mind. One must always remember that in making settlements with a particular group in the civil service one does not settle with one group in isolation. Any settlement in the civil service means an adjustment of the structure; it means that the supervisors are going to get more money also. Hon. members may recall when we settled the postal strike over a year ago that I said it would probably cost us over $100 million within a year, and it has. This is because there is a ripple effect. What we are trying to arrive at is a fair and just wage for the air traffic controllers, considering their particularly difficult job and comparing them with the people they want to be compared with, namely, air line despatchers.

There is just one other thing I would like to say with respect to the appointment of Judge Robinson, although there is not any great point in arguing as to whether or not he was asked to report on salaries. Whether he was asked to or not, he did. In our opinion he was not asked to; in his opinion he was, and he has reported and made recommendations on salaries.

I have already told hon. members the point where we disagree with his analysis in regard to the comparison with air line despatchers. However, I should point out the difference between Judge Robinson and a mediator or an arbitrator.

We, as a government, felt that something should be done for air traffic controllers, probably because of the particular circumstances of their job since there is a great deal of stress involved in carrying out the tasks they have to carry out. For example, if an air traffic controller starts to lose his hearing, or something like that, he can no longer have that kind of job. This is the basic reason that we asked Judge Robinson to operate as a commissioner.

At this point I must remind hon. members that the salary rates had been determined by treasury board and the government, as the law presently provides, as of July 1, 1965, with another adjustment on July 1, 1966. The pay question, for all intents and purposes, was closed. The air traffic controllers had argued that they deserved special consideration because of the stress and tension under which they must operate. I would be the first to admit that it is a very difficult job, and our sole purpose in appointing a commissioner of inquiry was to look into the working conditions to determine if there should be variation due to the particular stress of the job.

If we had been appointing a mediator, such as we did in the postal dispute, all parties to the dispute would have been asked to agree on who should be appointed. In the first postal dispute Judge Anderson acted as the mediator, and it was agreed that neither party would be bound by the results of his determinations. In the recent postal dispute we had the good offices of Mr. Justice Montpetit as mediator. In both these cases all the parties agreed to the appointments and agreed that neither party would be bound to accept anything the mediator recommended.

In the case of Mr. Justice Montpetit he was able to come up with a recommendation that was acceptable to both parties, and both parties accepted it. But in the present instance we, as the government appointed Judge Robinson to carry out an inquiry for us. Whether he went beyond his terms of reference is not really worthy of too much debate, because actually his report is here, and what is in it; is in it. I simply say we are not willing to accept the report completely because we believe there is some fallacy in the basis of computation of amounts involved. But we do accept the principle that man for man, with equivalent service, there should be a reasonable equality of pay between air despatchers and air traffic controllers.

I do not really think that there is anything I can add beyond that point, Mr. Speaker. I

have tried to make as complete an explanation as I can. I would like to assure hon. members that we intend to carry on negotiations to the best of our ability, and I for one hope we do not have to use the legislation which is on the order paper. We had to give 48 hours notice because of what happened in the house last week.

This morning I suggested to the parties involved that since negotiations were going better, maybe the strike deadline could be moved back. I said that we really were faced with an extremely short timetable at this point, and I said I would be putting the notice on the order paper providing they would continue negotiations in good faith. They agreed to do this, and I can assure hon. members that if necessary I will introduce the legislation, but I for one hope we do not have to do that.

Mr. MacDonald (Prince): I would like to ask a question of the minister.

Mr. Speaker: Order. I would like to remind hon. members of what I said a moment ago. There are only about 25 minutes left in view of Royal Assent, and I think the Chair should be given the opportunity to recognize a spokesman for the minority parties. I understand the hon. member for York South (Mr. Lewis) wants to speak, and it appears that the Leader of the Opposition (Mr. Diefenbaker) has been writing copious notes and may want to ask a question.

Mr. Diefenbaker: That is all, Mr. Speaker. The minister has gone into a great deal of detail, and this shows the benefit of the discussion which took place here this afternoon.

Is it clear that with the exception of one portion of the report, on which the minister takes the view that the judge arrived at a wrong conclusion, the report is acceptable to the government, and has the treasury board so declared?

Mr. Benson: There is another point that we—although there may be adjustments in other ways—as a government at the present time have not accepted, and that is the principle of longevity pay. We are in a difficult position here because Mr. Justice Montpetit's report on the post office said longevity pay should not be introduced, and here we have a report from Judge Robinson recommending that it be introduced. I think that the problems can be overcome without facing up to the question of longevity pay. Ultimately we will have to face up to it and I hope this will be when we get into the collective bargaining processes. I would like to reiterate that the settlement being made is only to July 31 next, at which time the people involved will be in proper collective bargaining, under law, with the government.

Mr. MacDonald (Prince): I wish to clear up some misunderstanding. In his remarks the President of the Treasury Board said that the comparison should be made—and he thought quite properly so—with the air line despatchers. Could he answer two questions related to this?

• (5:20 p.m.)

First of all, does he think the responsibility exercised by these despatchers is as great as the undertaking exercised by the air traffic controllers in relation to flight? Secondly, does he know any air traffic controllers who are over age 50, and if not why not.

Mr. Benson: Perhaps I might answer the second part of the question first. I do not know that many air traffic controllers. There are a thousand spread out across Canada, and I do not have an intimate knowledge of their ages. In respect of the first part of the question, I believe the duties of the air traffic controllers and despatchers are comparable. I do not know whether this goes down to the nth degree of comparison, but I know that both groups have very great responsibilities. Based on the submissions of the air traffic controllers and the suggestions of Judge Robinson, we believe there is a basis of comparison.

Mr. MacDonald (Prince): Is it not true that actually the pilot is responsible, on the advice of the despatcher, whereas the air traffic controller has the final responsibility in respect of the flights.

Mr. Benson: I am told that this varies from air line to air line. In some air lines the despatcher decides whether or not the aircraft takes off. I am not sure whether or not this is the case in respect of Air Canada, but in respect of C.P.A. I believe the pilot makes this decision. It varies from air line to air line.

Mr. David Lewis (York South): Mr. Speaker, if I may, I should like to suggest to the hon. minister who just sat down, and to other members of the house, that the issue is not at all what the minister tried to suggest it is. The issue is not at all whether or not he agreed with a particular calculation of Judge Robinson; the issue is not at all whether or not the government thought Judge Robinson

had jurisdiction. The issue before this house and the issue, in my respectful submission, in respect of which the government has been totally wrong and which has undermined the total question of collective bargaining is whether or not the government as employer has a moral duty to accept the decision of a third party the same as any other employer in this country has. That is the issue.

Mr. Pickersgill: Mr. Speaker, may I ask the hon. gentleman a question. Does the hon. gentleman say that before this appointment was made the employees were equally bound to acceptance because in that case what he is saying is that Judge Robinson was an arbitrator and he certainly was not intended to be such.

Mr. Lewis: Mr. Speaker, the hon. Minister of Transport (Mr. Pickersgill) and I have been friends for years, but it is not necessary for him to point out to me elementary things. I know the difference between a commissioner, an arbitrator and a mediator. I know the hon. minister likes to jump up and make interruptions, but I may say that I know the differences in these things as well as he does. I say to him that the whole philosophy under any kind of collective bargaining by law lies in the proposition that when the two parties cannot agree, a neutral party is introduced to look into the matter and make recommendations. The whole concept of industrial peace rests on the proposition that management and labour ought to be prepared to accept the judgment of a third party. This does not mean that they must accept it if the third party is not an arbitrator. It does, however, say this: that if the government which administers the labour laws generally is to have the respect of those in the private sector of the economy, and if the government which administers the labour laws ever is to have any hope that a management or union in the private sector will in fact accept the recommendation of a third party it, as an employer, has a moral duty to accept that recommendation when it is brought down. That is the principle involved.

Mr. Pickersgill: May I ask a question, Mr. Speaker? Does the hon. member consider that this exercise was collective bargaining and, if it was, why do we have three bills before parliament now to give these civil servants the right to bargain collectively?

Mr. Lewis: What the Minister of Transport is saying in the course of a question expresses his and his government's attitude much better than I could. What he is saying, as a matter of fact, is that the air control people do not have the right to collective bargaining and that he in his great, magnanimous generosity sat down at the table with them not because they have any rights but because he wished to be generous with them—only they have to do what they are told. That is precisely the implication in the minister's remarks.

The Minister of Transport and the Minister without Portfolio (Mr. Turner) raised the question of whether Judge Robinson had the jurisdiction to deal with this matter. If they will look at this report, which I am sure they have studied much more carefully than I because I saw it for the first time only a little while ago, they will find that this very issue concerning whether or not the judge had the jurisdiction was raised by Mr. Love, I believe, the representative of the Treasury Board. The judge considered his responsibilities and his terms of reference. He looked over the material and came to a decision. Is the employer in this case entitled to say that he will not accept a decision of the judge who has adjudicated this matter?

Mr. Benson: Would the hon. member permit a question. He has had long experience in labour negotiations and he has my respect in that regard. Would he not admit that there are all sorts of third party appointments where the principle is agreed upon by the two parties but where one party or the other, or both parties, do not accept the findings.

Mr. Lewis: This is the kind of difficulty in which we are. Let me go back to the point I was making, and then I will come back to the question. As I say, it is not for the government, in this situation where it is an employer, to refuse to accept a decision of the judge on the very point of jurisdiction. He considered it. He adjudicated on it and they are stuck with it. When it comes to the question of who should be appointed, I am instructed by representatives of the association—

Mr. Pickersgill: Did the hon. gentleman say he was instructed?

Mr. Lewis: Informed, I beg your pardon; I was informed. I have the information on a piece of paper if the hon. Minister of Transport wishes to see it. I am informed by the air control association people that the C.A.T.C.A. was involved in the selection of a commissioner. Both sides placed names on the list. Judge Robinson's name was the third name on the list, and in order that he be

appointed I am informed that the association must agree.

Mr. Benson: Mr. Speaker—

Mr. Speaker: Order, please. Does the hon. member who has the floor accept a question from the hon. minister?

Mr. Lewis: I will gladly, Mr. Speaker. My only concern is that because of these interruptions I will be taking up the time which might be allotted to other members who might wish to have the floor.

Mr. Benson: Perhaps I should rise on a question of privilege, rather than to ask a question. I did not wish to mislead the house in respect of this appointment. My officials did speak with C.A.T.C.A. with regard to the appointment, but there are two other associations involved which were not I believe consulted.

Mr. Lewis: This is the kind of thing I really regret. Had the minister originally said that the major organization so far as numbers are concerned, or one of them, had been consulted in respect of the recommendation of Judge Robinson, that would have helped the situation. But he did leave with me the impression that this was a unilateral agreement. That was the phrase he used. This is where the government has such a terrible responsibility. These negotiations have gone on over the past 18 months. The government was faced with the threat of a strike last May and as a result of that and in order to avoid a strike the government undertook to make the appointment and discussed it with C.A.T.C.A.

• (5:30 p.m.)

In a letter to C.A.T.C.A. the government said—I forget the exact words—it would give serious consideration to the findings of the commissioner. The government said it would give immediate consideration to those findings. The President of the Treasury Board cannot come here and say that these are terrible people, that they have the government in a bind because they are going to have a strike next Tuesday, when he has had in his hands for five weeks a report from the commissioner. The minister also said: We met with these people every time they asked us to meet with them. He may be right. I am not questioning him; I have never had occasion to do so.

He had a duty to ask them to meet with him, and not wait for them to come to him. I say to him that he knew last May or June that these men were going to take strike action if they did not get what they considered satisfactory, and he has no reason to sit back in his chair and wait for them to invite him to meet with them. In the interests of Canada, in the interests of the Canadian people, he should have been on his toes and got them into his office the day after he received the report and said: Gentlemen, we cannot agree with this.

Mr. Pickersgill: Mr. Speaker, I should like to ask the hon. gentleman a question. He said he was going to take up all the time allotted to him, so I am sure he will be fair enough to allow a question.

Mr. MacDonald (Prince): Mr. Speaker, on a point of order, during the speech of the President of the Treasury Board we tried to ask questions. The minister has now risen for a third time to interrupt the hon. member. I think this is quite incorrect. If this is to be allowed, I should have been granted the privilege of asking a similar question of the President of the Treasury Board.

Mr. Speaker: The hon. member for Prince (Mr. MacDonald) was allowed to ask a question.

Mr. Lewis: Mr. Speaker, I realize it is within my power to have the question asked, but I think I get your wink that I should not do so.

Mr. Speaker: It might facilitate the task of the Chair if the hon. member refused to answer questions.

Mr. Lewis: That is what I thought I saw in your eye, Mr. Speaker, at this distance, and I intend to follow that advice.

I am confident that is the principle involved in this matter. I say to the Minister of Transport and to the President of the Treasury Board that if they found an error in the calculation or in the premise about equality of age, they had the authority by order in council, which they could pass in five minutes, to remit this report to Judge Robinson. They could tell him that in their view he had omitted something, and would he look at it again and hear further representations on the point.

I am not prepared to accept the statement of the President of the Treasury Board. I have been for too long involved in this type of negotiation to accept the statement of either side in a dispute as being "it". I have no doubt that the air traffic control people have their views about what happened. I could almost guess what their view would be from the quick glance I have had at the report. The

fact is that as far as the regulations of Air Canada are concerned, the air despatcher can be appointed after two years. That is what the regulations are, if I read them correctly. The fact that they have not been for four, five or six years cannot affect the regulations which permit this to happen.

The fact is that the regulations of the Department of Transport do not permit an air traffic control man to be in group 5 until after five years' service. That is the fact. No doubt the air traffic control people would take the position that they have to go by the book and not by what someone thinks, deviating from the book. I have no doubt that is what Judge Robinson had in mind. If the government disagreed with that and argued that there was an error in fact, the report should have been referred back to Judge Robinson. This is what the government is arguing about. They accept the principle, but say there is an error in fact. They had the authority on November 8, 1966, five weeks ago, or on November 9 if they needed a day to study the report and reach Judge Robinson, to say: We think there is an error in fact here. Will you please reconvene the parties and discuss this error with them.

This man was the third party, the neutral. He is a man who, as the hon. member for Ontario (Mr. Starr) has properly said, has had years of experience in labour disputes. I have appeared before him I suppose 100 times in my years of labour practice. I have appeared before him when he has been chairman of conciliation boards and one of the arbitrators. As a matter of fact, if I may say so without offending Judge Robinson, I have never found him to be a particularly generous person where wage awards have been concerned. He has always been pretty careful not to make any salary or wage awards which were not fully supported by the evidence before him. It does not take a representative of union or a labour spokesman to know that he is one of those judges who does not make determinations at all lightly. Indeed, if you look at his report even quickly you find that he has gone into this matter most carefully.

Judge Robinson analyzes the comparison between the air traffic control man and the air despatcher in Canada. He looks at the salaries of the air traffic control man in the United States as compared with those in Canada. He looks carefully at the duties of the air traffic control man. He quotes at length from articles which have appeared on the subject. Obviously, as is seen in the early section of the report, he had numerous meetings at which both sides presented their case. He took great care. There are several appendices to his report. He went into the organization of air traffic control. No one who takes even a quick glance at this report could for one moment suggest that his conclusions were made lightly or without very careful consideration of every submission put before him.

In that situation, has the government the right, as the employer, to throw that out of the window? Let me tell the house, if I may, that I do not know any of the secrets that took place in the negotiations, but I do know that if the government had at any time in the last two weeks indicated to the air traffic control people what the Minister of National Revenue and President of the Treasury Board indicated to us today, there probably would not have been a strike vote. At no point, I am instructed, was the proposition that they accepted the principle of the comparison put to the air traffic control people until the very last few days. I do not know, of course, the details of the offer made by the government, but I know from the snort I heard from the people with whom I discussed this matter that the offer made was apparently so much below what Judge Robinson indicated in his report that the air traffic control people felt completely desperate and had to call the thing to an end.

This is an impression I obtained, not from labour representatives because everyone concerned is as honourable as I know the Minister of National Revenue to be, and when negotiations are in confidence they are not revealed to anyone. But you can get a pretty good idea of what took place from the tone and attitude of the people concerned. It is perfectly obvious to me, from those with whom I have discussed this matter, that the offer the government made was nowhere near what Judge Robinson recommended.

Mr. Douglas: It was not even a serious offer.

Mr. Lewis: It was such that the air traffic control people could not take it as a serious offer. The Minister of National Revenue said this morning that something happened which makes him hope that an accommodation will be found. I sincerely hope he is right. This is the major point I wanted to make.

While I am on my feet, Mr. Speaker, may I take one more minute to say that I regret very much that a few members in this house take advantage of even this situation to start talking about all the strikes we have had and the need of legislation and action to prevent them.

I can almost hear the bells of compulsory arbitration ringing. This is totally unfair in this case. There is no union in this case, in any real sense of the term, because there is no collective bargaining in any sense of the term, as the Minister of Transport admitted in answer to a question.

• (5:40 p.m.)

Strictly speaking, I suppose, air traffic control people are public servants who may not be permitted to strike under the Civil Service Act. I am not sure of that and I will not give a legal opinion on it. However, what obtains here is a reckless, unforgiveable and indefensible action by the government in appointing someone to make an inquiry which involves salaries, in receiving a report from a third person and then saying to the people concerned "Despite this inquiry which we instituted—because you said you would strike if we did not do so, despite the number of hearings that were held and despite the careful consideration by the judge of all submissions we, because we are the government, will tell you and the judge to go and jump in the lake". The issue which is involved is that a government which should be a model employer and which should make it clear to every employer and every union that when a third party is appointed to inquire into a situation his conclusions should be treated with respect, treated the conclusions of Judge Robinson without respect and with a callous disregard for the results of its own action, for the plight of the air traffic controllers and for the interests of the Canadian people which are now about to be seriously affected.

If, after having done all that, the government fails to make the recommendation which it is their moral duty to make, then this parliament will be asked to order the men to stay at work despite their decision that they have certain rights for which they want to stand. I say, shame on the government for placing itself, the parliament and the Canadian people in this terrible position. There is no excuse for it. After having received the recommendation of a third party, they have the moral duty to abide by it.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I know that I have only a few minutes left and I will try to speak without the passion of the hon. gentleman who, of course, has a much greater ability for histrionics than I do.

I want to reply primarily to the last point made by the hon. member for York South. He kept saying that we have the report. I am the minister who was responsible under part II of the Inquiries Act for the appointment of Judge Robinson. I asked Judge Robinson to do certain things for the government. The things which I asked him to do were agreed in advance with the three organizations. The third point was to examine the need, if any, for a special provision unrelated to established rates of pay to compensate air traffic controllers for these unique responsibilities and requirements. The first point was to examine the factors and considerations that should be taken into account in determining rates of pay for air traffic controllers, bearing in mind the unique duties, responsibilities and requirements that are expected to be carried out.

I did not ask Judge Robinson to make two reports: I asked him to make one. He saw fit, without any consultation with me or, as far as I am aware, with anyone connected with the government, to make a partial report.

Mr. MacDonald (Prince): Why?

Mr. Pickersgill: The government had appointed him to answer all the questions. I took the view that we had the right to receive answers to all those questions which the representatives of the air traffic controllers had agreed should be put to Judge Robinson, and that we should not attempt to make a determination on some of the matters without having his advice on all of them.

Mr. MacDonald (Prince): Why did he only submit the first part of his report?

Mr. Pickersgill: You will have to ask Judge Robinson. I did not ask for it. I did not want it. I do not think it was desirable. I do not want to be disrespectful to the judge who, I am sure, did his duty conscientiously according to his lights. As my colleague the Minister of National Revenue (Mr. Benson) pointed out, the government is prepared to accept his basic recommendation that a comparable class outside the public service are the air despatchers, and we are quite prepared to make a recommendation based generally on that view.

However I also say—and the hon. member for York South gave us a long disquisition on collective bargaining—that there was no question of collective bargaining here, and the hon. member for York South was sufficiently honest and straightforward to admit this point at the end of his speech. It is the present government which has asked parliament to give civil servants the right to bargain

collectively. We are not ashamed of doing that.

Mr. MacDonald (Prince): What about the strike?

Mr. Pickersgill: Would the hon. member for Prince, who has had a little less experience in public life than I have, let me have my say, and later on I will listen to him just as politely as he does to me.

Mr. Barnett: Would the minister comment on the fourth point in the terms of reference?

Mr. Pickersgill: In the few minutes that are left to me I should like to say that when this incident arose last summer the air traffic controllers said that they considered the determination of their pay by the Civil Service Commission and the Treasury Board was not fair because they had been put into the wrong category. They asked to see me and I said that I was not entrusted by the government with the duty of determining their pay. This was the function of the Treasury Board and the Civil Service Commission.

I told them that we did not yet have collective bargaining, but, since I was the minister responsible for their activities, in order to discharge my work properly and to carry out the responsibilities entrusted to me temporarily by the government of Canada and the people of Canada, it was important to me that the morale of these workers should be good. I knew their morale would not be good if they had a sense of injustice. I said that of course I would be glad to listen to what they had to say. I would consider it very carefully, and if I felt that I could make representations to the Treasury Board, I would do so. In the course of our discussions, I said that it appeared to me that it would be quite impossible for me, as a member of the government or as a responsible member of parliament, to recommend to the Treasury Board that the Civil Service Commission classifications on which the pay of a great group of civil servants was based should be disturbed for one particular group after the determination had been made by a system which is now the law. I said that all I would be doing, if I were successful in making that kind of recommendation, would be to create discontent among all the other employees in the department who were in related categories and who were not getting this kind of special treatment.

I thought that either the salaries of the whole group would have to be redetermined or else it would not seem to me that any of them could be. That is why I was so very careful in drafting this document. The President of the Treasury Board was even more concerned to make it very clear that we were asking for recommendations with regard to some unique or special aspects, and that is why we put in the phrase "unrelated to established rates of pay". We were not asking the judge to substitute himself for the Civil Service Commission in determining the relationship between all these various classes. But we were concerned about making sure that no injustice was being done to the air traffic controllers because they have an occupation which, in my opinion, is much more stressful than the work of most of the employees in the public service. We know that this kind of work can only be done by relatively young men, and it seemed to me that this factor should be taken into account. I am referring to the additional stress and the liability to lose the capacity to do this work if there were any defect in hearing—and I know something about such a defect—or in vision. I said that if we can find anything that is unique and special to that group which should be recognized, I would fight for it to the limit. But, Mr. Speaker, on the eve of collective bargaining and after the pay determination of this whole group of employees had been made, I could not in all conscience support a change of the ordinary rules for one group of employees unless it were made for all.

• (5:50 p.m.)

I think all hon. members who know how difficult these things are to determine anyway will realize that it is very difficult to take any other position with respect to public servants. What we are seeking to do—and this is one thing that Judge Robinson recommended and for which I think he has made a very good case—is to recognize that these people do have duties that are comparable with the duties of some other group of employees, not precisely comparable but sufficiently comparable that the comparison is a worth-while yardstick. We have been quite prepared to accept that view and have been quite frank in saying so.

We are also quite prepared to accept the view that these men cannot expect to continue as air traffic controllers, particularly in the active pursuit of the grade 5 category, for the whole of their working lives because of the special stresses and strains which are involved in this very exacting kind of work. At one

time or another the lives of practically every member in this chamber and the lives of a very high proportion of the Canadian people may depend on the work of these people.

No one in this house could possibly be more concerned than I am as Minister of Transport—even if I were just thinking in minimal terms of saving my own skin and reputation—with the importance of having a good morale among the air traffic controllers and all those other servants of the Department of Transport who have to do with the safety of human life in our community. If any member from any part of this house thinks that any member of the government relishes the prospect of having every civil airport in this country closed up five days before Christmas, they are wrong. Certainly hon. gentlemen opposite will not be blamed for this. We who sit on the treasury benches know perfectly well who will get the blame if this happens, and we have the deepest possible sense of responsibility in this matter.

At the same time, Mr. Speaker, we know perfectly well that if we take the kind of action which is going to create a sense of injustice in the minds of thousands of other civil servants because we have disturbed a basic pattern, a comparable pattern which has existed for a long time, and have done so after the pay determination for this two-year period has half expired, then we are going to create a situation which, while it may not be as dramatically critical as this one appears at the moment, will probably be very much more serious than this one. This is the problem, and it is a very grave and difficult one.

Mr. Douglas: So that I understand the minister, may I ask him a question? He says that this will upset the pattern among comparable staffs in the civil service. What comparable staff is there in the civil service who would in any way be related to this particular group of air traffic controllers?

Mr. Pickersgill: I would suggest to the hon. gentleman that he is as much of an expert on the civil service commission as I am. The pay research bureau of the civil service commission compared this group of people with a number of categories. Some of them were referred to by Judge Robinson. They are well known and represent many hundreds of employees. One group is in turn compared with others.

I am sure that the hon. member for Winnipeg North Centre (Mr. Knowles) knows—and certainly the hon. member for Carleton (Mr. Bell) understands this sort of thing. Once you start disturbing this pattern, it causes what my hon. friend the President of the Treasury Board (Mr. Benson) called a ripple effect which goes through the whole structure; there is no question of that.

This, Mr. Speaker, is the problem. If we were just dealing with air traffic controllers and could isolate them, and if they were not public servants and had not over the years been related to other groups, perhaps this problem would not be a very difficult one to solve.

Mr. Lewis: It is an artificial relationship though.

Mr. Pickersgill: I think the hon. member has done most of his conciliation in what is called the private sector. He has not yet got the whole of our activities in this country into the public sector, despite his efforts over the years.

Mr. Lewis: Mr. Speaker, I do not know whether to rise on a point of privilege to inform the minister that I have been involved in arbitrations in connection with the Civil Service Association of Ontario as well.

Mr. Pickersgill: Yes, Mr. Speaker, the hon. gentleman has obviously served an apprenticeship. He is getting instructed. But seriously speaking, the private sector where all the employer has to do is answer to the shareholders is one thing; the public sector, where if we are to have a decent morale in the whole of the public service we must have the right kind of relationship between one group and another, is another thing.

In a case where we have appointed the civil service commission as an agency of parliament and not of the government, so that the government is not allowed to exercise favouritism over any appointments or any relativities, it would be a very dangerous thing if the government, or one minister or even parliament tried by themselves to disturb these relationships in an arbitrary way simply because the failure to disturb them was going to cause a crisis. The reason we are here and the reason we have a government and a parliament is to deal with these difficult problems; and we have to do our best to deal with them, as my hon. friend says, primarily in the interests of the Canadian people.

Mr. Speaker: Order, please.

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

• (6:10 p.m.)

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the Royal Assent to the following bills:

An Act respecting General Mortgage Service Corporation of Canada.

An Act to incorporate Income Life Insurance Company of Canada.

An Act to incorporate Income Disability and Reinsurance Company of Canada.

An Act respecting Canada Health and Accident Assurance Corporation.

An Act respecting the Boundary between the provinces of Manitoba and Saskatchewan.

An Act respecting the Boundary between the province of Saskatchewan and the Northwest Territories.

An Act to amend the Canada Lands Surveys Act.

An Act to amend the Canada Labour (Standards) Code.

An Act to incorporate Bank of British Columbia.

An Act for granting to Her Majesty certain sums of money for the public service for the financial year ending the 31st March, 1967.

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, what is the order of business for tomorrow?

Mr. Pennell: Mr. Speaker, it is proposed to return to item No. 111, house in committee of the whole on Bill C-251, to amend the Old Age Security Act, and should that measure be passed we would then take up item No. 92, house in committee of the whole on Bill C-231, the transport bill.

It being 16 minutes past six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, December 15, 1966 • (2:40 p.m.)

The house met at 2.30 p.m.

LABOUR RELATIONS

PACIFIC COAST LONGSHOREMEN DISPUTE—PERSONNEL OF INDUSTRIAL INQUIRY

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, last week I announced in the house that, as part of the understanding that resulted in the resumption of operations in the British Columbia ports, an industrial inquiry commission would be appointed to investigate the causes of the stoppage, which has paralysed ports for so long and with such far-reaching adverse effects, also to make recommendations with respect to the avoidance of similar situations in future, and with respect to the undertaking for the consideration of the grievances of foremen.

I now wish to announce the appointment of Mr. Justice C. Rhodes Smith of the Court of Appeal of Manitoba as the industrial inquiry commissioner. As I am sure hon. members are aware, Mr. Justice Smith is a former minister of labour of the province of Manitoba and he served with distinction for a number of years as chairman of the Canada Labour Relations Board.

I am also pleased to announce that Mr. Justice Smith will be assisted by two assessors. One of these is Captain H. J. C. Terry, retired, of Vancouver, the former president of Northland Navigation Company Limited, who, since his retirement, has done such excellent work as president of the Pacific National Exhibition over the past few years. The other assessor is Mr. Joseph Morris, executive vice-president of the Canadian Labour Congress, who is well known and highly respected in all parts of Canada, especially on the west coast where he served with such distinction as president of the International Woodworkers Association before coming to Ottawa.

I am also pleased to announce that, pursuant to the amendments to the Canada Labour (Standards) Code, to which royal assent was given late yesterday, an order in council has been passed today establishing regulations governing holiday pay for longshoremen for the eight statutory holidays. It is expected that the regulations governing annual vacations for longshoremen will be promulgated in the very near future.

23033—706½

AIR TRANSPORT

AIR TRAFFIC CONTROL—REPORT ON DISCUSSIONS IN LABOUR DISPUTE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I would ask the President of the Treasury Board whether he would amplify in some detail what he said yesterday about the dispute with the air traffic controllers. Can he hold out any hope that the threatened implementation of last minute legislation will be obviated and that he, representing the government, will not permit intransigence on his part, through the adoption of frozen stands, to interfere with a just and equitable settlement?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): First, I should like to deny that we have taken a frozen stand in any way.

Mr. Diefenbaker: You said so yesterday.

Mr. Benson: If we had taken a frozen stand we would not now be talking with the parties involved.

Mr. Diefenbaker: They unfroze you.

Mr. Benson: Another meeting is to take place this afternoon. We have also agreed to meet tonight, and if necessary to meet all night in an attempt to solve this problem short of the Diefenbaker-Douglas formula of 40 per cent.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: The latter part of the minister's remarks was entirely uncalled for.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I ask him whether he has forgotten the Pearson formula.

Mr. Pearson: That was only 30 per cent.

Mr. Diefenbaker: Only 30 per cent.

Mr. Pearson: Ten per cent below yours.

Mr. Douglas: I have a question to address to the Prime Minister on another subject, but I rise now on a question of privilege to say I have never advocated a formula of 40 per cent. That is the minister's interpretation.

Inquiries of the Ministry

Mr. Benson: On a question of privilege—

Mr. Speaker: Order. I would suggest to hon. members that we should try to start this day on the right foot. I doubt that the hon. member has a question of privilege, although he certainly has the right to ask a question.

Mr. Douglas: The minister introduced an argument into his reply and I think I have the right to say that the estimate of the air traffic control employees is that the formula suggested by Judge Robinson amounts to 14 to 17 per cent.

An hon. Member: Plus 15.

Mr. Benson: What is 24 and 15?

Mr. Pearson: Thirty nine.

EXTERNAL AFFAIRS

NATO—PARTICIPATION BY CANADA IN NUCLEAR PLANNING

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I should like to address a question to the Prime Minister with reference to the announcement that Canada is to be a member of the seven man committee to plan the nuclear strategy in NATO. Does acceptance of this responsibility involve repudiation of the pledge the Prime Minister made three years ago to negotiate Canada out of its nuclear role?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. Up to the establishment of this committee, nuclear planning matters had been dealt with by the NATO council as a whole. It is true that yesterday a nuclear planning group was set up as part of the NATO machinery, which will consist of seven members, including Canada, who will serve for an initial period of 18 months. At the end of that time certain members of the group will be replaced.

The purpose of the group is related to planning for nuclear defence of the alliance. It will permit broadened participation by member countries in making recommendations to the council on these matters.

The concept of a broadened participation by the members of the alliance is an important development for many reasons, not the least of which is the prospect it may advance international efforts to achieve an effective world wide non-proliferation agreement. It should be emphasized, Mr. Speaker, that membership in this group in no way increases Canada's involvement in nuclear matters. The establishment of nuclear planning machinery is simply a more efficient way of dealing with a problem which, in any event, would come before the council.

Mr. Douglas: As a supplementary question, in view of the Prime Minister's statement that Canada has accepted the responsibility of being a member of this nuclear planning committee, at what stage are the negotiations for Canada's withdrawal from its nuclear role?

Mr. Pearson: Well, Mr. Speaker, there has already been an alteration in this respect in connection with our air division overseas. Perhaps the Minister of National Defence (Mr. Hellyer) will be able to report on this matter when he returns.

Mr. H. W. Herridge (Kootenay West): As a supplementary question, Mr. Speaker, I would like to ask the Prime Minister if it has been brought to his attention that an old comrade of mine, a former secretary of state for external affairs, is reported as saying Canada is over playing her hand in trying to help run Europe and should consider withdrawing from NATO when the NATO treaty expires in 1969?

[*Translation*]

INCOME TAX

INQUIRY AS TO DEFERRED PROFIT SHARING

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, my question was intended for the hon. Minister of Finance but, in his absence, it may be that the hon. Minister of National Revenue and President of the Treasury Board can answer it.

Early in November I put a question on the order paper asking whether Section 79 (c) of the Income Tax Act would be amended. The hon. Minister of Finance then replied that amendments providing for the implementation of the proposed changes would be included in a bill to amend the Income Tax Act before the end of the year. As this time is fast upon us, can the hon. Minister of National Revenue tell us whether the amendments to Section 79 (c) will be put before parliament in the very near future?

[*English*]

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, a bill will be presented to the house very soon to pick up the amendments which were included in the budget last spring,

but which were not enacted at that time because of technical difficulties brought to our attention by the business community. I hope the bill will be forthcoming very soon, but I would have to consult with the Minister of Finance (Mr. Sharp) to find out when.

Mr. Raymond Langlois (Mégantic): As a supplementary question, will this new bill cover any possible recommendations or changes which the Minister of Finance now has in mind for his baby budget?

ADMINISTRATION OF JUSTICE

HAL BANKS—CONSIDERATION PRECEDING POSSIBLE PERJURY CHARGE

On the orders of the day:

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the Prime Minister (Mr. Pearson) has referred to me the question of the right hon. Leader of the Opposition (Mr. Diefenbaker regarding Hal Banks, and asked me to answer it. Generally speaking it is not the practice to disclose what, if any, recommendations are made by the R.C.M.P., for the very obvious reason that responsibility for the ultimate decision must rest on the appropriate law officers.

The results of the investigation, to date, into allegations of perjury against Banks, were placed in the hands of the appropriate provincial authorities, and the question of charges is now under consideration by the provincial crown prosecutor in Ottawa. He has asked the R.C.M.P. to obtain certain additional information.

The two governments are co-operating on the matter closely, and as soon as conclusions have been reached any information that can properly be given at that time will be placed before the house.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in general I am in agreement with the view expressed by the minister that those things which pass between the federal and provincial governments regarding procedural investigations, charges and the like, should not be revealed. However, I should like to ask him this: Did the law officers of the crown in the Department of Justice not conclude that on the basis of the information which has been secured not only was there a prima facie case against Banks, but a very strong one.

Mr. Pennell: The right hon. Leader of the Opposition has referred to the law officers in the plural. I may say that the law officer in this case felt the result of the investigation was of such a nature that it should be placed before the crown attorney for consideration.

AIR POLLUTION

AVAILABILITY IN CANADA OF EXHAUST CONTROL DEVICES

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, yesterday a Canadian automobile executive announced—and I should like to quote one very brief sentence—"that exhaust control devices to limit air pollution would probably be available in Canada in 1968 only as extra cost items, since these standards are not imposed by law as they are now in the U.S." I should like to ask the Minister of National Health and Welfare whether in 1968 Canadians will be protected by Canadian standards similar to those now mandatory in the United States to protect the health of our people.

Mr. Speaker: Order, please. I am just wondering whether the question as asked is urgent. I realize the importance of the matter, but the hon. member is referring to protection which might be afforded Canadians in 1968. I think the question might be placed on the order paper.

Mr. Grafftey: Mr. Speaker, the industry already has announced its intention. We cannot waste any time. In view of the statement by the industry is the Minister of Industry now satisfied that because of the auto pact Canadians can rely on United States laws and regulations for the protection of the Canadian people?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I think Canadians are rather more interested in results than in the method or technique by which they are achieved. I do not think, as the Minister of National Health and Welfare has pointed out, that it has been established yet that the health of Canadians in a great many Canadian communities would be adversely affected by failure to adopt this particular exhaust device. I suggest where it is established that this is needed in Canada, it will be employed.

Mr. Grafftey: Have either the Minister of Industry or the Minister of National Health and Welfare been in touch with officials in either Toronto or Montreal, where this is a most serious problem?

Mr. Speaker: The hon. member for Oxford.

Inquiries of the Ministry

OLD AGE ASSISTANCE

REGULATIONS GOVERNING APPLICATION OF PLAN

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. In view of the fact that the Christmas season is now approaching I am wondering whether the minister could tell us how soon the regulations under the Canada Assistance Plan will be promulgated so that many of those people who are in need and disabled may know what qualifications they must have in order to receive assistance.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, this is a subject which was discussed in the house the other evening. I hope to have the regulations approved by the Governor in Council as soon as possible. Following that it will be possible to sign agreements with the provinces. I should like to point out to my hon. friend, however, that under the Canada Assistance Plan the federal government will share the cost with the provinces back to April 1 of this year.

AIR TRANSPORT

AIR TRAFFIC CONTROL—IMPLEMENTATION OF WAGE PROVISIONS IN JUDGE ROBINSON'S REPORT

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to address a question to the President of the Treasury Board. So that there will be no question in the minds of the people regarding this dispute, will he say now whether the government is prepared to implement the recommendation in respect of wages which is contained in the report of Judge Robinson, an appointee of the government?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, the people of Canada cannot afford a salary increase of 40 per cent over a two year period in this particular instance.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, of course this 40 per cent is a smokescreen on the part of the minister. The exact amount is 17 per cent.

Some hon. Members: Order.

Mr. Diefenbaker: Is the minister suggesting that Judge Robinson, a man of great experience, was simply appointed to play around with this problem so that the government could refuse to accept his recommendations?

Mr. Benson: Mr. Speaker, the government has not been playing around with this report, it has studied it with care, it is the opposition that has been playing around with it.

Some hon. Members: Hear, hear.

Mr. David Lewis (York South): Mr. Speaker, I should like to direct a supplementary question to the minister, without in any way referring to the so-called 40 per cent increase. Is it not true that representations received from the staff associations have in fact included a concession to the Treasury Board? Have they not indicated they would be willing to accept something less than what was recommended by Judge Robinson in this regard?

Mr. Benson: As I said, Mr. Speaker, everything that takes place during the negotiations is, by agreement, to be kept secret. I do not intend to disclose what has happened during these negotiations between representatives of the employers and employees. Perhaps the hon. member has received information from some source, but I have undertaken not to disclose this information.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to direct a supplementary question to the minister, in view of the situation which now exists and in view of the fact that negotiations are still taking place this afternoon. Has the strike deadline been escalated or has it been set for a later date? What is the situation?

Mr. Benson: The strike deadline is exactly the same, as far as I am aware.

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I should like to direct a supplementary question to the minister, in view of his comments to the effect that the Canadian people cannot afford the recommended increase. Can the Canadian people afford to pay out $11 million on that pile of junk called the *Bonaventure*?

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I should like to ask the President of the Treasury Board whether, when he is talking about a 40 per cent increase, he is talking about an increase which has been agreed upon? Is there any truth in the report that Judge Robinson recommended an increase averaging 14 per cent to 17 per cent? When the minister refers to 40 per cent is he

in fact talking about the total increases which have taken place over a period of time?

Mr. Benson: In order to clarify this matter, Mr. Speaker, I should point out that we are talking about a two year period and a contract which was agreed to on July 1, 1965, running to July 1, 1967. During that two year period a 15 per cent increase will take place. Having in mind the additional amount, it is my understanding that the total will amount to about 40 per cent, if Judge Robinson's recommendations are accepted.

Mr. Lewis: I have a supplementary question. I am sorry to appear to be badgering the minister, but has the minister proposed to the staff associations an extension of the period during which this agreement will be in effect, or has he suggested that these staff associations should accept the recommendations of Judge Robinson in respect of July 1 of next year? Will the minister be frank to this parliament?

Mr. Benson: Mr. Speaker, I am absolutely frank with this parlia ment, except that I will not—

Mr. Diefenbaker: "Except".

Mr. Benson: —disclose what has taken place, so far as the negotiations are concerned, and I will retain that position.

Some hon. Members: Hear, hear.

Mr. Lewis: You are throwing aspersions on the negotiations without disclosing the facts.

LABOUR CONDITIONS

NOVA SCOTIA—UNEMPLOYMENT IN STEEL INDUSTRY

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I should like to direct a question to the Prime Minister. Is he in a position to indicate what action the government intends to take in respect of growing unemployment in the province of Nova Scotia in the steel industry? This unemployment is now occurring in Cape Breton, and Amherst, where 200 employees have been put out of work.

Right Hon. L. B. Pearson (Prime Minister): A meeting was held yesterday to deal with this matter of urgent importance.

Mr. Donald MacInnis (Cape Breton South): I have a supplementary question, Mr. Speaker. Last week the Prime Minister indicated

that proposals were being formulated to alleviate this situation in respect of the steel industry in Cape Breton. Has he any announcement to make on that, and if not will the announcement be made before the Christmas recess?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it will be made as soon as we can possibly make it.

[*Translation*]

SPORTS

PEE-WEES—REFUSAL TO AUTHORIZE TRIP TO EUROPE

On the orders of the day:

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, my question is directed to the Prime Minister.

Is the Prime Minister aware that two pee-wee hockey teams, one from Cap-de-la-Madeleine and one from Ville LaSalle, were selected to make an exhibition tour in Europe to defend the colours of Expo '67, and that the officials of the Canadian Amateur Hockey Association refuse to authorize such tour? Would the Prime Minister use his influence to obtain such authorization?

Mr. Speaker: Order. The hon. Prime Minister has undoubtedly noted the suggestions made by the hon. member.

Mr. Mongrain: May I raise this question at ten o'clock, Mr. Speaker?

[*English*]

HOUSE OF COMMONS

COMMITTEE TO CONSIDER PROCEDURAL CHANGES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct this question either to the Prime Minister or to the government house leader. In view of the fact that this session might end some day, and that when it does the provisional rules of procedure under which we are operating will lapse, will the government consider at an early date establishing an all-party committee to look at our procedures so that we can plan something for the next session of this parliament?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker this matter is already under very serious consideration. I hope that without any delay it will be possible to discuss

this very important matter with representatives of other parties.

Mr. Eldon M. Woolliams (Bow River): I have a supplementary question, Mr. Speaker. Would the Prime Minister not agree that the new rules do not improve our procedure and have been the cause of some delay in the work of this house?

Mr. Pearson: The present rules have been an improvement but I think we can improve the improvement.

FISHERIES

NEGOTIATIONS RESPECTING 12 MILE LIMIT—ESTABLISHMENT OF BASE LINES

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I should like to direct a question to the Minister of Fisheries. In view of the fact that President Johnson recently signed the contiguous fishery zone bill giving the United States an exclusive fishing area up to 12 miles off its shores, what progress is being made by the government to conclude negotiations on the 12 mile Canadian fishing limit which was to extend from straight base lines drawn from headland to headland on Canada's Pacific and Atlantic coasts, as agreed to in July, 1964?

Hon. H.-J. Robichaud (Minister of Fisheries): Mr. Speaker, may I remind the hon. member that in the bill signed by President Johnson there is a provision recognizing historic fishing rights, which is quite similar to the policy adopted by the Canadian government.

With regard to the establishment of straight base lines, a meeting was held last week with officials of the United States. Also I understand that the Secretary of State for External Affairs will have discussions today on this matter with Secretary of State Rusk.

Mr. Crouse: A supplementary, Mr. Speaker: In view of the fact that the United States have now established their own 12 mile limit, could the minister inform the house what objections they have to the establishment by Canada of a similar contiguous fishing zone off our own coasts?

Mr. Robichaud: Mr. Speaker, I thought the hon. member was well aware of the fact that Canada is enforcing its 12 mile fishing zone. May I say for his information that only last week over 60 U.S.S.R. fishing vessels were operating off the west coast and every one of them was operating outside the 12 mile fishing zone, thereby abiding by Canadian regulations.

Mr. Crouse: I have a further supplementary, Mr. Speaker. I am well aware of the fact that the Canadian government is enforcing a 12 mile fishing zone; but could the minister tell me when the government intends to implement the 12 mile fishing zone legislation implied in the act which was passed in 1964, according to which the 12 mile zone would extend from straight base lines drawn from headland to headland?

Mr. Speaker: Order, please.

Mr. Crouse: Mr. Speaker, I think this is a very important matter and the minister should reply to my question.

Mr. Speaker: I did not say the minister could not reply. I rose for the purpose of bringing to the attention of the hon. member the fact that he should ask a question. He has now done so and the minister apparently wishes to reply to it.

Mr. Robichaud: Mr. Speaker, if I may be permitted to reply to this question, it was made very clear at the time that straight base lines would be established following negotiations with the countries involved. Such negotiations have been under way ever since the new act was passed by parliament, and we hope they will be completed in the very near future.

LABOUR CONDITIONS

FREEDOM FROM DUPLICATION IN COMPILING MARKET ANALYSES

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to address a question to the President of the Treasury Board based on the replies given on two separate occasions this week by the Minister of Labour and the Minister of Manpower and Immigration. These refer to the work that is being done in both departments with regard to a labour market analysis. I should like to ask him if officials in his department would investigate this duplication of services and thus effect a saving in the unnecessary expenditures involved?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I rise on a question of privilege. When a question on this subject was asked by an hon. member some days ago I stated that work in this field was being done by the

Department of Labour and that some work was also being done by the Dominion Bureau of Statistics. As a result of that question, and of a second question asked a day or so ago I directed that an investigation be made into the whole matter. I find that the work is now actually being done by the Department of Manpower and Immigration, and not by the Department of Labour. There is no duplication of the service and I apologize to the house for any misunderstanding which might have arisen from my earlier statement.

PUBLIC WORKS

PEMBROKE, ONT., WHARF FACILITIES

On the orders of the day:

Mr. Leonard Hopkins (Renfrew North): Mr. Speaker, I should like to direct my question to the Minister of Public Works. In view of the extremely unsafe condition of the old wharf on the Pembroke waterfront and the urgent need for new wharf facilities for small boats, can the minister tell us at what stage are the plans for improvement which were submitted last August 13?

Mr. Speaker: Order, please. I believe that the question should be placed on the order paper, or else the hon. member could discuss it in the adjournment debate.

Mr. Hopkins: Ten o'clock, Mr. Speaker.

UNITED NATIONS

RHODESIA—OFFER OF PEACE KEEPING FORCE TO SMITH GOVERNMENT

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, last Monday I addressed a question to the Prime Minister and I did not quite catch his answer. Instead of repeating my question I read the answer in *Hansard*. I could have repeated my question to the Prime Minister yesterday but I will do it today. It refers to the proposal of Prime Minister Wilson to Prime Minister Smith on the establishment of a small white peace keeping force drawn from some Commonwealth countries. In answer to my question the Prime Minister said that Mr. Smith had refused all proposals. My question was whether Prime Minister Wilson had advised Canada of such a proposal prior to his meeting with Mr. Smith.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not know whether Prime Minister Wilson made this proposal in the terms in which my hon. friend has put it. There have been reports in the press that this was part of the exchange of views between the two political leaders. However, the matter did come up at the prime ministers conference which was held a year and a half or two years ago, at which the Rhodesian matter was discussed and at which this matter was put forward as a possible suggestion. I might say that at that time it did not receive too much support.

CANADIAN CONFEDERATION

OBSERVANCE OF BIRTHDAY OF SIR JOHN A. MACDONALD

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister and ask him whether now, in the absence of any official recognition by this particular parliament of one of the great architects of confederation, he would consider or ask the government to consider the establishment of January 11, the birthday of Sir John A. Macdonald, as a national holiday?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, since this is such an important question I really think it should be put on the order paper.

EDUCATION

LICENCES FOR LABORATORY APPARATUS

On the orders of the day:

Hon. E. D. Fulton (Kamloops): May I ask the Solicitor General whether in the light of the recent seizure by the R.C.M. Police in Toronto from a school teacher of a small distilling apparatus similar to that used in grade 7 science classes, it is the government's policy that all schools must now have licences for such distilling apparatus in their laboratories and classrooms?

Mr. Speaker: Order, please. I am not sure how urgent the question is but I suggest that, like the previous one, it might be placed on the order paper.

Mr. Fulton: I think there might be some urgency, since the schools might like to know what their position is.

BANK OF WESTERN CANADA

DIVERSIFICATION OF INTEREST

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in the absence of

the Minister of Finance may I bring to the attention of the Prime Minister for his consideration a move by Wellington Finance Corporation Limited, which is now in the process of taking over a total of some 46 per cent of the assets of the Bank of Western Canada, when the bank charter that was granted was on the distinct understanding that financial support would be on the basis of diversified interests. Now, as a result of this action, the Sinclair Stevens interests and British International Finance Group will have an overwhelming controlling interest in a bank that presumably was set up in order to be of assistance to the prairie provinces. Will the Prime Minister have this matter looked into because, on the face of it, it seems detrimental to the public interest.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, without accepting the premises on which the question was based I will be very glad to discuss it with the Minister of Finance and have the matter looked into.

UNITED NATIONS

SOUTH AFRICA—ABSTENTION BY CANADA ON APARTHEID VOTE

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I have a question for the Prime Minister. I wonder whether he is able to answer today the question I asked on Tuesday, and which was taken as notice by his parliamentary secretary. My question concerned Canada's abstention in the vote in the United Nations on the resolution regarding South Africa.

Right Hon. L. B. Pearson (Prime Minister): I will be very glad to look into that, Mr. Speaker.

FINANCE

GUIDE LINES ISSUED BY U.S. TO CANADIAN SUBSIDIARIES

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I will address my question to the Prime Minister, in view of the absence of the Minister of Finance. My question is based on a report received from Washington yesterday that the United States administration is issuing or has issued new guide lines to subsidiaries of United States corporations operating in Canada which, if followed, would have a serious effect on Canada's balance of payments position. The question I want to ask the Prime Minister is whether the government is reviewing any possible steps which can be taken to prevent this action on the part of the United States government, which would have this deleterious effect upon our balance of payments problem?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I hope my hon. friend will let me take this important question as notice.

TRANSPORTATION

FINANCIAL ARRANGEMENTS CONNECTED WITH NATIONAL POLICY

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have a question for the Minister of Transport. Are there any railway financial arrangements to be made, dependent on the new transport bill? If so, will the government negotiate extensions, if the new transport bill is still under discussion this calendar year and not passed by the house?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, it seems to me that this question has to do with a matter which is to be discussed, I trust and pray, later today, and it would be more appropriate to ask the question in this debate than on orders of the day.

EDUCATION

MCGILL UNIVERSITY—REQUEST FOR ASSISTANCE

On the orders of the day:

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, I have a question for the Prime Minister. Will the Prime Minister state whether any action has been taken by his government to assist McGill University in its present serious financial crisis?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, McGill University does undoubtedly receive assistance from the federal government in the manner provided by the arrangements we have made with the provinces. No special steps have been taken in this regard.

Mr. Alkenbrack: A supplementary question. Does the Prime Minister not consider this situation to be discriminatory against this very important national institution of education?

Mr. Speaker: Order, please.

EXTERNAL AFFAIRS

VIET NAM—EXTENSION OF CHRISTMAS TRUCE

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question for the Prime Minister of which I have given him notice. Has the Canadian government made any representations to the governments in Washington and Hanoi with regard to the extension of the Christmas truce in the hostilities in Viet Nam along the lines proposed by His Holiness the Pope and the Secretary General of the United Nations?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I thank my hon. friend for having given me notice of his question. The government has welcomed, as I am sure have all hon. members of the house, the decision to institute truces in the war in Viet Nam at Christmas and the New Year, and the proposal for a further truce at the lunar new year in February. The possibility of prolonging these truces and making them the basis for introducing an element of reducing and ending hostilities is one which we earnestly hope the parties to the conflict will consider very seriously, as it is an important preliminary step toward peace. It is with this possibility in mind that we have welcomed, as I am sure the house welcomes, the spirit in which His Holiness the Pope and the Secretary General have issued their appeals.

I have seen news reports from Washington this morning, as my hon. friend may have, which indicate that the United States government would be willing to discuss, if I may quote from one particular report, "a prolonged cease fire or any other reduction in the fighting in Viet Nam in direct negotiation with the communist side". That is the end of the quotation from the report.

I am sure that I speak for all members in expressing the hope that some comparable indication will be forthcoming from the other side. Canada's views on this problem, Mr. Speaker, are well known to the capitals concerned. These views have also been discussed with the Pope and the Secretary General of the United Nations.

Beyond that, Mr. Speaker, I can only say that if there is any helpful role that we can play in relation to a possible cease fire, either individually or as a member of the international commission, we would be only too happy to have the privilege of doing this.

Inquiries of the Ministry

CYPRUS—SHIPMENTS OF ARMS FROM CZECHOSLOVAKIA

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is to the Prime Minister. Has Canada made representations to the governments of Czechoslovakia and Cyprus regarding arms shipments to Cyprus which will have the effect of endangering the Canadian forces there?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the government of President Makarios earlier this year concluded an arms deal with Czechoslovakia under which Czech arms would be supplied to the Cypriot police force, which is probably the basis of my hon. friend's question. The first shipment arrived in Cyprus toward the end of November and a second shipment is expected shortly. The Makarios government has stated, however, that these arms will not be issued at the present time and will be stored under mainland Greek control.

The Canadian government naturally regrets any action such as the importation of further arms into Cyprus, which can only have the effect of increasing tension on the island between the Greek Cypriot and Turkish Cypriot communities. The importation of these arms is particularly regrettable since the Greek and Turkish governments are currently engaged in talks designed to make progress toward an agreed settlement of the Cyprus problem.

We are, Mr. Speaker, keeping in close touch with the situation in Cyprus through our High Commissioner in Nicosia and our representatives in the other countries principally concerned, including our representative in Prague.

[*Translation*]

TRANSPORTATION

DISCUSSION AMONG MINISTERS RESPECTING GENERAL POLICY

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to direct a question to the Minister of Transport.

In view of the fact that, according to a recent statement by Dr. Lizotte, Quebec minister of transport, the province of Quebec and several other provinces are refusing any kind of federal control over transportation, will the minister consider amending Bill No. C-231 or convening provincial ministers of transport to reach some kind of an agreement?

Inquiries of the Ministry

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, while I do not think there is the slightest question that the exclusive jurisdiction in the field of interprovincial and international motor transport belongs to this parliament as clearly defined by a decision of the courts, I do not think we ought to enter into a debate on this subject at this time, sir, when the bill will be before us in an hour or so.

CANADIAN PACIFIC RAILWAY

ROCKGLEN-KILLDEER, SASK.—ABANDONMENT OF LINE

On the orders of the day:

Mr. Lawrence Watson (Assiniboia): Mr. Speaker, I should like to address a question to the Minister of Transport in regard to an application of the Canadian Pacific Railway Company to abandon 24.6 miles of line between Rockglen and Killdeer, Saskatchewan. In its application it stated that this line is in the "eligible for abandonment" category, without waiting upon the passage of Bill No. C-231, and that the board is prepared to proceed with this application.

In the light of applications for railway line abandonment now being heard by the Board of Transport Commissioners, will the minister assure us that the pledge he gave to the railway committee in June, 1964, is still in effect?

Hon. J. W. Pickersgill (Minister of Transport): I think this would be a most suitable subject for discussion when the bill is before us.

AGRICULTURE

AVAILABILITY OF FEED GRAIN IN ONTARIO

On the orders of the day:

Mr. J. E. Madill (Dufferin-Simcoe): My question is addressed to the Minister of Agriculture. I would ask him whether his department has been able to assist feed brokers in Ontario to acquire western wheat of grades nos. 5 and 6 for commercial use at the Collingwood and Midland grain elevators, which service the central Ontario feed dealers and feeders. The question is urgent, since we are now approaching the end of the navigation season, and Ontario has always been a market for western grain.

Hon. J. J. Greene (Minister of Agriculture): For the hon. member's information, there is a shortage of wheat for feed inasmuch as the quality of the crop this year was very high.

[Mr. Allard.]

This matter falls particularly within the province of the Minister of Forestry and the new feed grain agency. I will draw it to the attention of my colleague to see whether that agency can take some remedial action.

[*Translation*]

ADMINISTRATION OF JUSTICE

AMENDMENT TO CRIMINAL CODE RESPECTING CONFESSIONS OF ACCUSED PERSONS

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I have a question for the hon. Minister of Justice and Attorney General, a great parliamentarian who has more than once tamed the lions of the opposition.

My question is as follows: In view of the alleged police brutality going on in Quebec—which has led the bar of the province of Quebec to demand a royal inquiry—is the government looking into the advisability of introducing amendments to the Criminal Code and the Canada Evidence Act, taking as a pattern a ruling handed down by the United States Supreme Court, ordering the courts to deny the validity of a prisoner's confession when the said confession with respect to a major offense is made in the absence of the prisoner's lawyer?

Mr. Speaker: I might point out to the hon. member that the question is probably not very urgent. He may put his question forward at ten o'clock.

Mr. Choquette: On a point of order, Mr. Speaker. I feel my question is quite important. As a matter of fact, I am sending the provincial minister of justice, Mr. Bertrand, a report stating that one of my clients has suffered police brutality. I would like to know if the federal Minister of Justice has anything to say in this regard?

• (3:30 p.m.)

[*English*]

OLD AGE SECURITY ACT AMENDMENT

PROVISION OF GUARANTEED INCOME SUPPLEMENT AND DETERMINATION OF PENSIONERS' INCOMES

The house resumed from Tuesday, December 13, consideration in committee of Bill No. C-251 to amend the Old Age Security Act—Mr. MacEachen—Mr. Batten in the chair.

On Clause 1—*Definitions*

The Chairman: Order. When the committee rose at the last sitting, clause 1 was being discussed. Shall clause 1 carry?

Mr. Simpson: Before clause 1 carries, can the minister tell us whether he has been able to get in touch with his colleague, the Minister of Indian Affairs and Northern Development, concerning the questions I put to him at the last sitting?

Mr. MacEachen: Yes, I have been in touch with my colleague, the Minister of Indian Affairs and Northern Development. My officials have also had an opportunity to discuss this question with the officials of the other department. It appears that the number of Indians receiving supplementation of old age security pensions through extra payments from the department is not great and we expect that generally the great majority of the pensioned Indian population will be better off as a result of pension supplements.

In cases where the amount of $105 is not enough to meet the requirements of Indian pensioners, the department of Indian affairs will be prepared to pay additional assistance. We think the number of cases involved will be small, and that those mainly affected will be Indians in need of special care living off the reservations.

Mr. Simpson: The minister has told us that in his opinion the great majority of Indians receiving old age pensions, those who will be receiving the $105 a month, will be better off under this legislation. I agree that this may be the case. Nevertheless, in my opinion $105 a month is not enough for an old age pensioner living in an isolated area, bearing in mind the extremely high cost of living in such areas. And most of the people I am concerned about now do live in isolated areas. I happen to know that a great many Indian old age pensioners are receiving very little more than their $75 a month. The department has undoubtedly felt that $75 a month is sufficient. I say it is not.

In any case, it appears to me that the minister is not able to assure us that any of the pensioners who are now receiving supplementary assistance from the Indian Affairs branch, in addition to the $75 a month, will continue to receive assistance supplementary to the extra $30 a month they may be receiving.

I can understand the hon. gentleman's difficulty when it comes to giving such an assurance. But I should like to point out to him that if the federal government, which controls the department concerned, cannot give this committee an assurance that supplementary payments will be continued, it is setting a precedent for the provinces; faced with such an example, the provinces will be considering very closely the idea of decreasing their own supplementary payments to recipients of old age pensions. This is what I am afraid will happen. I do not think there is much hope that the provinces will continue to make these supplementary payments unless the federal government itself can assure the committee that it intends to take the initiative and continue this class of payments to old age pensioners among our Indian people.

Mr. Chatterton: I have two minor points. When we come to later clauses dealing with the application of this measure, we shall be asking some questions about the type of application which may be imposed.

I understand a draft application form has been prepared. Would the minister make copies of it available to us? We recognize it would merely be a starting point, but it would give us some idea of the type of application form which may be necessary for the purposes of this bill.

Second, has the minister consulted with the Minister of Veterans Affairs as to the possibility that the supplementary payment made under this amendment would not be considered as income for the purposes of war veterans allowance? I recognize that payment of war veterans allowance is not considered as income for the purposes of this bill, but it may work the other way around. The receipt of a possible $30 under this bill might prejudice the war veterans allowance payment.

Mr. Baldwin: Mr. Chairman, last Monday the minister and I were just commencing a very interesting discussion with regard to certain questions which could arise as to the legality of this legislation, having in mind certain actions which might be taken by certain provinces. Since then I have reviewed *Hansard*, including the discussion initiated by the hon. member for Brome-Missisquoi, the speech made by the hon. member for Sherbrooke and the statement made by the minister in response to questions which I asked him.

I have too much respect for the minister as a good parliamentarian not to feel that his answer to me was carefully phrased to avoid answering very important questions, and I

believe this bill should not be passed until we receive some better answers.

I have taken the position throughout, Mr. Chairman, that the responsibility of the federal government should be exercised in respect of subject matters which are essential to make the central government strong and viable. I have always supported the government in its efforts in that regard, but here we have something entirely different. Here we are getting into the twilight area, the gray zone between federal and provincial governments.

It is all very well for the minister to say to me, and quite correctly, that as matters now stand the government has a legal opinion to the effect it is entitled to enact legislation of this kind. I accept that fact. There is no doubt about it, but I am looking to what the situation will be respecting this legislation in the event that a province, as one province has already indicated, enacts legislation of a similar kind.

I can do no better, for the purposes of the record, than put the very brief provision of section 94A of the British North America Act on record at this point. It reads:

> It is hereby declared that the Parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the Parliament of Canada in relation to old age pensions shall affect the operation of any law present or future of a provincial legislature in relation to old age pensions.

It is notorious that this section was enacted in 1951, after several abortive attempts had been made to give to the federal government exclusive jurisdiction in this particular matter. In 1964, when the government secured the constitutional amendments providing for supplementary benefits, in the form of survivor and disability clauses, I brought this matter up in the house. I asked the Prime Minister a question in June, 1964. I asked why the government at that time, when securing a constitutional amendment, did not attempt to secure the exclusive right to deal with old age pensions and matters of this description.

I did not get any answer, but in the course of the debate which followed, when the address was presented by the Prime Minister, I again brought this matter to the attention of the government and the Prime Minister. I referred to the fact that when the first amendment was introduced in 1951, as originally proposed by hon. Mr. Garson, at that time the minister of justice, it was on a very simple basis. It was to the effect that notwithstanding anything in the British North America Act, the parliament of Canada may make laws in relation to old age pensions.

That was the orignial proposal of the federal government but the provinces would not accept it, for reasons which they thought adequate. So, as a result of discussions and correspondence between the premiers and the federal government, a condition was added which was, as I have just read, that "no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law present or future of a provincial legislature..."

The current situation has been inflamed by events. We have seen the introduction of a statement into the Quebec legislature that it is their intention to enact old age pension laws. What then will be the position of this legislation here? Let us assume—and it is not at all unlikely—that the type of legislation which the province of Quebec, or any other province, may introduce will establish certain age limits which may differ from the age limits in this legislation. They may establish in their legislation different amounts. They may establish in their legislation different conditions of payment and sources of funds.

Surely, under those conditions it cannot be successfully argued that the continued attempt to implement the provisions of this, and the original legislation upon which it is based, will not have the effect of interfering with the operation of a provincial act dealing with old age pentions? I am not going to follow this line of argument, nor is this the place to do so, through to its completion. But, Mr. Chairman, I suggest this is a very real possibility and so, while the minister was quite correct on Monday when he said the government has every legal right to enact this legislation—and that is a statement with which I wholeheartedly agree—this will not necessarily be the case when the province of Quebec, or any other province if it so sees fit, exercises its constitutional responsibility to deal with matters of this kind. The likely result of the operation of this federal legislation will be to interfere with the operation of the provincial legislation.

• (3:40 p.m.)

What is the government going to do then? What will be the position of the pensioners? What about the sources of funds? What about the old age security fund? These are matters with which the government must be concerned, and it is not for the minister to fob off the committee with the casual statement

which he made on Monday. It is a very difficult problem.

The minister may well say in reply to my comments that this is all theoretical, that it is all hypothetical, but in the light of the statement in the speech from the throne in the Quebec legislature, it is getting to be more than theoretical. I think the members of this committee are entitled to some indication as to what the views of the government are, not as the situation is today but as it may well be if such an event comes about.

Before I resume my seat I make this suggestion to the minister, that he might well give serious consideration to the provisions of the Supreme Court Act. There is a very simple and adequate remedy under, I believe, section 55, where the Governor in Council has the right to submit to the Supreme Court references not only as to existing legislation but as to the powers of either the legislature of any province or of the federal government which have been exercised or which may be exercised.

I suggest to the minister that if it does become apparent that specific legislation is going to be introduced in the province of Quebec then there is a duty incumbent upon this government to seek, through the medium of the Supreme Court Act, an opinion of the Supreme Court of Canada as to what would be the situation. I put this suggestion quite sincerely to the minister. I suggest the government should not leave this question until the last, until we have in existence legislation of a province and this legislation of the federal government, which are in direct conflict. There is very grave doubt as to whether or not this legislation, which we are now being asked to enact, is in fact valid in view of the possible operation of provincial legislation.

Mr. Simpson: I wonder whether the minister would enlighten me a little further with regard to some of the payments which will not be considered to be income. I know that he has explained this quite fully in this house and on the national television service, but perhaps I might ask the question in this form: The minister has said that assistance from relatives, ownership of property, money which people may have in the bank, and I believe he mentioned social assistance, will not be considered as income when the income of the old age pensioner is computed. Are there other things which the minister has in mind? Could the minister tell us very briefly what other things he has in mind in this regard?

Mr. MacEachen: Mr. Chairman, under this proposed measure, we define income as it is defined in the Income Tax Act. In addition to those items which have been mentioned by the hon. member for Churchill we would not regard, for example, unemployment insurance benefits as income for purposes of this supplement; nor would we regard as income payment for workmen's compensation or any form of social assistance including war veterans' allowances; nor would we consider as income disability pensions received by veterans with regard to war service or indeed pensions in a form which in a sense is an award for damages.

These are among the additional items which are not included which come to mind immediately. We do not include donations or gifts from relatives or friends. Old age pensioners receiving gifts from their children, for example, would not be expected to regard these as income. As you may remember the Senate committee recommended that all cash income be regarded as income for the purposes of the program, but we have not accepted that definition. We have accepted the definition of income as provided by the Income Tax Act and, accordingly, we have knocked out quite a number of items which otherwise might have been included, if the Senate conclusion had been accepted.

Mr. Simpson: The minister may not be able to tell me this—I do not know myself—but I am wondering whether payments which are made to Indians under treaties are, under the Income Tax Act, classed as income. Perhaps the minister might assure the house that these payments will not be taken into consideration when the income of the Indian people is computed in respect of applications for the extra supplementary assistance.

Mr. MacEachen: Mr. Chairman, this point has been raised before. I will look into the matter and attempt to provide an answer.

Mr. Simpson: In checking the point, would the minister consider including this in the bill. He mentioned payments for damages. I would say that in some measure the treaty payments to the Indian people have been made to them in respect of a loss of something which they once owned. I think the minister should give very serious consideration to this, and have it included in the bill.

Mr. MacLean (Queens): Mr. Chairman, there is one question I should like to ask the minister which is supplementary to those which already have been asked. I take it that

it is fundamental that old age security is counted as income. What is the position in respect of the recipients of old age security in provinces where the provincial government is supplementing the old age security and has increased it, as in the case of Prince Edward Island, to $100 a month? Will the additional amount be counted as income? In other words, will the old age security recipients in Prince Edward Island qualify only for $5 from the federal fund or will the province be in a position to withdraw that supplement? If the provincial supplement is withdrawn will the recipients of old age security then become eligible for benefits under this legislation?

Mr. MacEachen: The pension payment made in Prince Edward Island was considered. In proposed section 9, as contained in clause 3, there is a provision that the amount of any pension or supplement and the amount of any similar payment under a law of the legislature of a province shall not be regarded as income. Therefore, if an applicant from Prince Edward Island applied for this guaranteed income supplement such an applicant would not have to put down on the application form as income the $25 of the P.E.I. pension payment. It is then up to the province to do what it wishes to do. We do not, however, disqualify any pensioner from receiving this benefit by virtue of a supplement received from a province.

Mr. Diefenbaker: Mr. Chairman, I think the proposition which has been advanced here this afternoon dealing with the constitutional position in respect to old age pension legislation must be answered by the government. That the government should sit in solitary splendour and look on while a question of such importance is raised is something which cannot be accepted by this house. Indeed, it is quite amazing to me, as I read my correspondence from day to day, the number of people who write to me and say, "Well now, what stand is being taken on behalf of a straight pension to all Canadians in view of the fact that each Canadian who pays income tax, corporation tax, and the like, has made a contribution which entitles him to a pension".

No longer is there any suggestion in legislation of this kind that what is being granted is in the nature of an emolument or benefit. Today it constitutes an earned income in consequence of contributions made by all Canadians. I should like to make clear once more that our attitude has been, and still is, that what is being done here by the government is unjust and unfair, and that all Canadians who are entitled to the old age pension should receive the amount of the pension which we continually and regularly have advocated should be $100 a month.

• (3:50 p.m.)

What is perpetrated by this legislation is a departure from a principle established and accepted by Canadians as a whole, that everyone should be entitled to the same pension regardless of his or her circumstances. The argument that a means test should be applied today is one that cannot be accepted. This is simply a step backwards, as has been said over and over again during the course of this debate, and is detrimental to human dignity. No matter what attitude the government adopts, what is being done here is an application of the means test. The government tries to dignify it by calling it another name, but a rose by any other name is just as sweet and a thorn by any other name is just as "Sharp". This is without doubt an economic and political gimmick, because we are departing from a principle which has been accepted over the years.

I am not going to go into detail in respect of this matter as it has been dealt with fully by other hon. members, but I should like to point out again that the opposition has repeatedly moved amendments, in an endeavour to recruit the support of members on the government side, to increase pensions to $100 per month. We went as far as to suggest that a vote on such an amendment would not be considered a vote of non-confidence, but the government has lined up all the Liberal members in this house to vote against such an increase, amounting to $25 per month.

I do not intend to name any members, although I could name one or two immediately, who today in their constituencies are endeavouring to lead their constituents to believe they are in favour of a straight increase. However vociferous they may be in and out of this house, and regardless of whether the government is right or wrong, Liberal members are always of the opinion that the government is always right.

Having said that, let me now refer to a matter of major importance. This legislation ought not to be passed until we have received an answer to the question regarding the position to be taken by the federal government when one province or another passes legislation giving that province the power and authority to grant old age pensions. It is not just a coincidence that this legislation was put off for weeks and months, and suddenly rushed

into the house when the government of Quebec decided to claim jurisdiction in respect of old age pensions.

Mention has been made of the British North America Act and the section dealing particularly with old age pensions, namely Section 94A. I should like to read it again because it does not require any interpretation. Any layman or any individual who is able to read English or French can interpret this section and realize what it means. It reads:

> It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law present or future of a provincial legislature in relation to old age pensions.

In the month of April, 1963 the Prime Minister enunciated a principle, which I queried at the time and still do, which was disruptive of Canadian unity. That was the declaration of the concept of two Canada. Today that concept is being departed from, retreated from and abandoned by the government. The government showed by action that it does not believe in the concept of one Canada. This government stated in 1963, 1964 and 1965 throughout this country that we were going to build up a kind of dual nation—not a duality of citizenship based on the rights of French or English Canadians—but dividing Canada into two parts. The rights go back to 1775, 1791 and 1865 as amended since then.

With all the propaganda force at its command the government has today backed away from that concept. We do not hear anything more about co-operative federalism. That was a doctrine held up as one of the great concepts that this government had evolved. Co-operative federalism as a concept is as dead today as the dodo. This government was the creator of that concept, and the destroyer of it.

I am sure the minister has had this legislation ready for a long time, and I am sure it represents hours and days of work. We asked repeatedly for this type of legislation because we were willing to accept half a loaf on the basis that half is better than none. The government refused to bring it forward until the Johnson government of Quebec said it intended to bring in old age pension legislation, assuming jurisdiction in this regard in the province of Quebec.

The minister is able to recognize the government's promise during the last election campaign to increase old age pensions by $25 per month, and he is also able to forget about that promise after a period of 13 or 14 months. The minister possesses political agility and astuteness.

Mr. Byrne: Hear, hear.

Mr. Diefenbaker: The hon. member for Kootenay East is one who understands agility possibly better than any other member of this house.

I should like to ask the minister what the government intends to do regarding this legislation. Surely, the government does not intend to gloss over this matter and get the measure through simply by sitting silent and inert. We want to know what is going to happen and what the government intends to do.

As a result of the amendment to the British North America Act of 1951, the provinces joined together in accepting the principle that the federal government could bring in old age pensions, but that amendment did not provide for exclusiveness. The very wording of the section indicates that it was intended to maintain and preserve this exclusive right of the provinces to provide old age pensions.

• (4:00 p.m.)

I will read this section again so that there will be no mistake:

> —but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law present or future of a provincial legislature in relation to old age pensions.

When the legislature of Quebec passes the legislation which is embodied in the Speech from the Throne and determines, as evidence by the declaration which has already been made, to appropriate exclusively to the legislature of that Province jurisdiction over old age security in the province, what will be the attitude of the federal government? When Mr. Lesage was premier all he did was to ask, and generally he received what he asked for because the Federal government did not want to argue with a province which saw eye to eye with it in the legions of liberalism. However, suddenly this government has developed a new concept, and co-operative federalism has died an unnatural death. I am sure the minister will have gone into this matter most thoroughly and his advisers will have given the fullest consideration to the eventualities which will arise if the legislation is passed in Quebec.

Will the minister say to the province of Quebec that section 94A gives the federal government the right to pass the legislation on old age pensions? Section 94A gives us no exclusive right whatsoever; we only have a permissive one. If the province of Quebec

passes legislation to provide a pension of $100 a month, is it the intention of the government of Canada to bring about something like the monstrosity which it brought forward in connection with health insurance? In the case of health insurance, the government accepted the principle of the duality of insurance plans. Does the government of Canada intend to hand over to the province of Quebec—by way of advance or by whatever other method is followed, such as a subsidy—an amount that will be sufficient to cover the total expenditure to be made by that province on old age pensions? The government finds itself in a desperate position, and I can understand the minister's unaccustomed silence in this regard.

The government finds itself today in a frightful predicament on the question of university education which was mentioned by the hon. member for Prince Edward-Lennox. He asked what the government intends to do about McGill University, and the answer was that they would not get into that problem because it is within the jurisdiction of the province.

However, when we were in office we were able to bring about a formula whereby the province of Quebec—at the time when Colonel Sauvé was premier of that province—accepted the $27 million which had been amassed for university education, under a formula which was acceptable to both sides. However, under that formula the money that was paid to the province of Quebec for education could only be paid to those institutions that qualified. In other words, they qualified on a per capita basis in accordance with the same requirements which obtained in other provinces.

When this government took office it decided, in its wholesale denunciation of all those principles that had been acceptable for years to embrace the idea of co-operative federalism, under which the amount advanced to any one province for educational purposes could be used in any other area. In other words, what was paid to a province for university grants could be used for other purposes. This money was simply placed in a consolidated fund, and the designation of this sum for any one purpose was made by the legislature of that province.

Now, the government is in a fine jam. I am interested to hear how they will get out of it. If the legislature of Quebec passes this legislation—and if I read Mr. Lesage's views correctly he is certainly not going to oppose the adoption of this legislation—then what will the government of Canada do? They can say that this will come up later. We want to know now what they are going to do.

A moment ago when a question was raised in a general way and reference was made to a submission to the Supreme Court of Canada, the minister gave it his full attention but did not articulate any reply or make any suggestion regarding the attitude of the government. I would like to hear him now, as an authority on this subject. He must be an authority in view of the tremendous amount of expenditure that is now being made for social security, much of which is within the jurisdiction of the provinces. Naturally, he will be able to place before us clearly and succinctly answers to the following questions: first, has the government departed from the constitutional position that it adopted regarding the concept of co-operative federalism, which has now become unco-operative federalism?

Second, will the government push any province into the position of having to accept a measure that is unconstitutional? Far be it from this government or any government to do that, so the answer would be in the negative. Then, what will the government do? What does the government intend to do when the legislation is passed by the legislature of Quebec and receives royal assent? This is something that the people of Canada have the right to know. We have seen too much chiseling away at our constitutional rights in the last three and a half years not to demand now an accounting in the particular matter that is before the house. I await with anticipation and interest the explanation which the minister will make on behalf of the government of Canada. When the question was asked in 1964, as quoted earlier by the hon. member for Peace River, no answer was given. It might have been theoretical then, but today we are approaching the moment of truth. The legislature of Quebec intends to legislate exclusively on this question which is within its jurisdiction as set out in the constitutional amendment now embodied in section 94A. If the minister cannot answer this question himself but requires the assistance of the Minister of Justice or the Solicitor General, who today has become to all intents and purposes the real law officer of the crown, then I suggest that this section be allowed to stand. Otherwise, the minister should give the committee a full, complete, comprehensive and intelligible explanation of what this government is going to do. If the section stands, the government will be able to produce those in charge of the justice department and Canadians will learn

once and for all where we are tending under this government.

• (4:10 p.m.)

For three years this government has followed one policy and is now running in the opposite direction. We want to know what this government intends to do in this connection; and we have a right to know before this bill is given passage by parliament.

I see the Postmaster General is in his seat. He is a man for whom I have always had a high respect, and I should like to hear from him in this regard. Is he going to depart from the constitution? I should also like to hear from the associate minister of defence on this question. I think they are the only two ministers from Quebec in the house, and I want them in on this poll. I want to hear what is their attitude, not what they are going to say on the hustings in the province of Quebec or elsewhere in Canada but what they are going to say in parliament.

[*Translation*]

Mr. Caouette: Mr. Chairman, surely the right hon. Leader of the Opposition (Mr. Diefenbaker) was right in raising the questions he has just raised with the Minister of National Health and Welfare (Mr. MacEachen) with regard to the legality of Bill No. C-251. Will the amendment to the Old Age Security Act reduce in any way the vested rights of Canadian provinces, not only of Quebec, but of any province?

In fact, section 94A of the British North America Act says very clearly:

> It is hereby declared that the parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the parliament of Canada in relation to old age pensions shall affect the operation of any law present or future of a provincial legislature in relation to old age pensions.

Mr. Chairman, the province of Quebec has stated very firmly and straightforwardly that it intends to recuperate all its rights relating to old age security. In my opinion, it is obvious, in the spirit and the letter of the British North America Act, that old age pensions are a matter for the provinces rather than for the Canadian government.

However, it must be recognized that the Canadian government, some thirty years ago, took the initiative of giving the Canadian people legislation providing for the first old age pensions, the first old age assistance legislation in Canada.

At that time, all provinces were consulted and the provinces in general, except for the province of Quebec, which was then under a Liberal administration, agreed to let Ottawa take over legislation concerning old age security and allowances. Mr. Taschereau, the then Quebec premier said that old age pensions would amount to promoting laziness, that they would prevent children from helping their parents, in a word that children would become distorted sons or daughters, refusing to help the aged. One year later, old age pensions were accepted in the province of Quebec, as in all other Canadian provinces.

Of course, Mr. Chairman, you have to be fair with those who, at that time, were administering the country, at the federal level; as a matter of fact, they showed the way, so that the provinces might accept old age pensions. At the time nothing prevented the province of Quebec, like the others, from passing legislation to provide for the old age pensions; but, the initiative came from Ottawa and not the provinces. When we say today that Ottawa invades the rights of the provinces, when the provinces themselves were passive, paralysed or unwilling to act, I think that we have no right to blame the federal government for everything it has done in the field of old age security over the last 30 years.

Mr. Chairman, that does not stop us, however, from seeing the facts clearly as concerns Bill No. C-251 now under consideration, which provides for an increase of the pensions up to $30 a month, subject to investigations. Amendments to abolish such investigations, have been declared out of order or defeated, so that we shall have those investigations, with regard to any person who will receive any supplement to the existing pension. Even a pensioner over 70 years old, to be entitled to any old age security supplement, will have to submit to those investigations.

• (4:20 p.m.)

And I think, Mr. Chairman, that investigators and investigations will cost the Canadian taxpayers more than if the supplement of $30 proposed in the bill were granted to all those 65 and over.

It will create a bureaucracy stronger than the present one; it will be necessary to open throughout Canada offices which will cost millions of dollars to decide who is entitled to that supplement and who is not. And everyone knows that those investigations lead to gross injustice. It is obvious today when

it comes to granting a pension to someone who is not 68 at the present time.

I think that the Minister of National Health and Welfare (Mr. MacEachen) should have inquired a little more about the cost of those investigations in Canada to find out who is entitled to a supplement and who is not. What will be required then, and who will decide if a supplement of $10 instead of $30, of $15 instead of $25 should be paid? The minister should have set up requirements, so that the members of parliament would at least know where they are going with that new bill.

I understand that the government's intention is to reach its goal, that is a minimum guaranteed income for every Canadian citizen. I do not think that the pensions will help it attain that goal, because even $100 a month is only $1,200 a year. Now, the minister is fully aware that nobody can live decently on $1,200 a year in Canada, in view of the present cost of living. It seems to me that is a well known fact.

Mr. Chairman, an interesting point was raised the other day by my colleague, the hon. member for Chapleau (Mr. Laprise). He referred to a state pensioner of 65, 67 or 68 years of age, whose wife would only be 54, 55 or 58. She is not entitled to a pension due to her age. I should like to know whether two persons living together can manage with $105 a month for both of them. So, why is it not specified in the bill that when a man is eligible for a pension, his wife is also entitled to one?

At present, mothers of 55, 57 and 58 years of age must work as charwomen, at night in most cases, because her husband and herself are unable to live on $105 a month and even less on $75, as at present.

Mr. Chairman, it seems to me that the Minister of National Health and Welfare should have urged his cabinet colleagues to be as generous for older Canadians as they are, for instance, with regard to national defence, trade and commerce, and foreign countries. I say again that we do not object to helping underdeveloped countries of the world, but let nobody tell me that our older people who get $75 or $80 a month are well off. Some people earn approximately the same amount in other countries where the cost of living is much lower than it is here. If some persons or families are reduced to poverty or destitution in several countries, we also have some in Canada. And the older persons in many cases fall in that group.

[Mr. Caouette.]

Now, Mr. Chairman, I understand that this bill is liable to be amended or improved any time when this or the following government will take that decision, but nevertheless, it is necessary to take into account the facts in our country which are evident to the world and show that we are one of the richest countries. If such is the case, we cannot deny Canadians, our older citizens who have devoted their life to their country, Canada, who have worked for its development and improvement, the strict right to a bare minimum, the right to have a decent standard of living in any province of our country, while respecting the wishes of each one of the provinces for, according to the British North America Act, each province has real and unquestionable priority rights in this field.

Even if Ottawa took the initiative 30 years ago, it must still respect the spirit and the letter of the Canadian constitution. It is not a question of amending the constitution, but only of respecting it, and from the moment it is respected, Ottawa will have done the provinces a service. We will even be able to say that Ottawa showed them the way 30 years ago and that, seeing that they have reached a certain maturity, we now come back to the spirit and the letter of the constitution and allow them to develop or pass legislation which they have the right to initiate in the best interest of both their population and the whole country.

Mr. Asselin (Charlevoix): Mr. Chairman, the day before yesterday I mentioned the very problem brought up today by the Leader of the Opposition (Mr. Diefenbaker) and the hon. member for Peace River (Mr. Baldwin). I was asking the Minister of National Health and Welfare (Mr. MacEachen) to tell us, if a province should claim exclusive jurisdiction over old age security, whether he would be prepared to recommend that the federal government grant the province fiscal compensation to finance and administer a provincial old age secrity fund.

• (4:30 p.m.)

The minister, of course, reaffirmed what the Prime Minister stated this week to the house, namely that the federal government feels reassured with this bill as concerns the constitutionality of the legislation; in other words, the federal government is occupying this field and intends to stay there.

In today's context, that line of reasoning makes sense, of course, because as long as one, or all the provinces do not pass any old age

security legislation, the federal government does not have to express its views on the matter.

However, since the Quebec government has announced in the speech from the throne that it is determined to pass legislation and to occupy the whole field of old age security, I think the federal government is now placed before an accomplished fact. The Minister of National Health and Welfare (Mr. MacEachen) and the cabinet should, so as to dispel any confusion that might exist in the minds of Quebec taxpayers, answer the questions we have asked, more particularly those put by the hon. member for Sherbrooke (Mr. Allard) and for Peace River (Mr. Baldwin), and put today by the Leader of the Opposition (Mr. Diefenbaker).

It is obvious, as the Leader of the Opposition pointed out this afternoon, that, should a province want to exercise its jurisdiction over old age security under section 94a, the federal government must withdraw from that field.

If we consider the spirit of the amendment passed in 1951, we find, especially on the part of Quebec representatives, a statement of principle to the effect that the province of Quebec, at that time, agreed to let the federal government exercise jurisdiction as regards old age security, but nevertheless kept the right to exercise its own jurisdiction in such a field when it deemed it advisable.

Now, the taxpayers of the province of Quebec are asking themselves the following questions: Should the provincial government set up its own old age security plan, will the federal government continue to exercise its own jurisdiction in the field of old age security along with the provincial government? Supposing the federal government refused to withdraw from this field, in order to administer this provincial old age security fund, will Quebec taxpayers be subjected to double taxation? Will the federal government act like in the case of joint plans? When I directed my question to the minister, I had joint schemes in mind, of course. We know that the federal government, in the case of provinces having withdrawn from some joint plans, under this system of co-operative federalism so often mentioned by the Prime Minister, decided to grant them fiscal compensation in return for the amounts they were not collecting under those joint programs.

This afternoon, the hon. member for Peace River asked the minister whether there would be any possibility of this constitutional issue, which is obviously not difficult to understand, being referred to the Supreme Court by the cabinet, so that it would have guide lines as to its exclusive jurisdiction in this field.

I must point out to the hon. member for Peace River that the premier of the province of Quebec stated before the Quebec legislature that the province of Quebec would not recognize the jurisdiction of the Supreme Court jurisdiction in this matter and that a decision by that court on old age security would not be valid. And this brings me to say that as a matter of fact, in the province of Quebec, the jurisdiction of the Supreme Court would not be recognized by provincial authorities, nor by the majority of the people concerning this constitutional jurisdiction in any field whatsoever, as to whether it belongs to the province of Quebec or to the federal government.

I believe it would be useless for the cabinet to refer this question to the Supreme Court, since the present premier of Quebec and even Mr. Lesage when he was premier of the province have often questioned the jurisdiction of the Supreme Court and the validity of its decisions as regards the constitutional character of our legislation. I believe it is useless for the cabinet to ask for the opinion of the Supreme Court.

We ask the federal cabinet to reassure Quebec taxpayers and set their minds at ease, before this bill is passed, as to its eventual attitude concerning the old age security plan.

Will the central government persist in keeping this taxation field and will the taxpayers of the province of Quebec have to withstand double taxation, since they will be called upon to pay the costs of a provincial old age security plan?

Evidently, the federal government, according to the statements made by the Prime Minister and the Minister of National Health and Welfare, intends to keep this taxation field.

In the reply to the question I had asked the day before yesterday, the Minister of National Health and Welfare said that according to the law and the constitution, any province is free to establish its own old age security plan.

Of course, the minister thereby suggests that the province of Quebec can establish its old age security plan, but this does not mean that the federal government will withdraw from this field which it now occupies.

In my opinion, according to section 94A, if a province wishes to exercise its jurisdiction in the field of old age security, the

federal government has to get out. I believe that such is the spirit of the said section 94A.

I actually believe that it is not necessary for the cabinet to obtain an opinion from the Supreme Court in this matter. One has only to read carefully section 94A, as the hon. Leader of the Opposition said this afternoon, to be convinced that if a province wishes to exercise completely its jurisdiction in matters of old age security, it is fully entitled to do so. I think that the federal government should withdraw from a field that it occupies at present.

To my mind, there is only one solution the federal government should consider and I believe the hon. Minister of National Health and Welfare can give us an answer before this bill is passed. The federal government should say this to the provinces: If you decide to set up your own old age security plan and administer it yourself, the federal government is willing to deal with you in this regard, as it does in the case of joint programs.

I ask the minister earnestly to give us an answer. The matter is of the utmost importance and the present situation is unsettling for Quebeckers. It is only fair and sensible to give us a firm reply, positive and definite, concerning his jurisdiction with regard to old age security if Quebec should decide, as it has clearly indicated it will, to take over exclusive jurisdiction in that field.

• (4:40 p.m.)

Mr. Valade: Mr. Chairman, from what we heard since the beginning of the discussion on this bill, it is obvious that every objection seems to be of a constitutional nature. However, in spite of the numerous requests put to him in this regard, the Minister of National Health and Welfare refuses stubbornly to reply to the important and essential question that representatives of all parties, as well as the independent member for Sherbrooke (Mr. Allard) have been asking these last few days, namely: does section 94A of the British North America Act go against the bill now moved by the government in this house?

I think that the minister would help us enormously to shorten the debate and give it some direction if he had the courtesy to tell us clearly, without equivocation or shilly-shallying, as the minister responsible for presenting that legislation to the house, how he defines the responsibility of the federal government with regard to the application of that legislation under section 94A. It is not necessary to be very acutely aware of constitutional matters, Mr. Chairman, to see in

[Mr. Asselin (Charlevoix).]

black and white, at page 480 of Beauchesne's Parliamentary Rules and Forms, fourth edition, what is stipulated in section 94A. Here is part of it:

—but no law made by the Parliament of Canada . . . shall affect the operation of any law present or future—

It seems to me that the safeguard which the legislators included in the British North America Act is clear and protects the provincial legislatures against interference or centralization by the federal government.

Since I have other remarks to make, I am wondering if the minister is not being unfair and ill-disposed by refusing to take a stand and define the meaning he gives to that section 94A, since it is our only objection, but the main one, to that legislation.

I see that the minister is engrossed in the newspapers. Who knows but he may be reading precisely about objections raised in the house by hon. members who represent all the people of Canada. Personally, I represent a Quebec riding and I must therefore speak up for the interests of my province. Hon. members from other provinces have also made known their opposition to that legislation under that very same section 94A which is clear, unambiguous, and does not lend itself to any misunderstanding or even to a technical or legal interpretation.

In the meantime, Mr. Chairman, the minister is turning a deaf ear.

Why does he stubbornly refuse to make his position clear? What is the minister's interpretation of section 94A as far as it applies to old age pensions? The section is quite clear and it seems to me that the minister should give us an answer. If the minister says that his bill is not contrary to the B.N.A. Act, that it is not a challange to the Canadian constitution, in short, if he can give us the assurance that his bill is not contrary to the spirit behind all the legal opinions which contributed to bringing forward the 1951 amendment to the B.N.A. Act I say that he is wrong and that he is leading the country politically toward serious, to say the least, constitutional difficulties, as far as the future of this country is concerned.

If agreements between the central government and the provinces are not respected, Mr. Chairman, then what will be, in the future? Would the Minister of National Health and Welfare want, seriously and deliberately, to be instrumental in creating a strong disagreement between the provinces and the

central government? Is that the spirit of co-operative federalism we have heard so much about since his government took office? If the minister would only answer our questions instead of showing silent arrogance, indifference and irresponsibility toward parliament—an attitude which has become apparent over recent years—I think serious problems could be avoided, problems which could become more serious if the government does not, as it should, spell out its understanding of the country's constitutional problems.

Some members of the house have called for constitutional committees and advocated measures so that the central government and the provinces would cooperate more closely. The present government has always postponed the matter. It has studied, it will study again; it has considered and will reconsider those problems, but has never made a positive, firm, unequivocal decision on those fundamental problems concerning the compliance with the provisions of the B.N.A. Act, a pact which has allowed us to live in a rather relative but, nevertheless, positive harmony in our country. Relying on a majority vote and availing himself of a numerical superiority, since the government can probably expect the support of the New Democratic Party, the minister wants to run counter to the B.N.A. Act and to the spirit which inspired it.

I therefore ask the minister—

An hon. Member: This is a dictatorship.

Mr. Valade: I hear someone say this is a dictatorship. It is even more, it is ostracism, it is a political hegemony that the minister is attempting to impose on this parliament, because he is fully aware that he is dealing with a means of political partisanship rather than a social measure.

If the minister knew that his silence can have serious, consequences, he would realize that none of the Quebec Liberal members had the courage to tell us, since discussion started on this bill, their position on this matter which is against one of the provisions of the B.N.A. Act. Why this silence on the part of all the Quebec Liberal members who, during the last election campaign, went around promising our senior citizens a $125 pension? Why this silence on the part of these pseudo-intellectuals, the Quebec Liberal members, namely the hon. member for Hochelaga (Mr. Pelletier), the member for Mount Royal (Mr. Trudeau) and other sensational Quebec members? Why do they remain perfectly silent, indeed, as silent as fishes over this bill?

In view of the fact that they represent the only province which has officially announced, through its speech from the throne, its intention to legislate in the field of old age pensions, the Quebec Liberal members sitting in this assembly have the moral and political obligation to state their position with respect to his problem.

• (4:50 p.m.)

Mr. Allard: You are asking much too much.

Mr. Valade: Mr. Chairman, I am told that I ask too much but, out of the 40 odd Liberal members, I should be able to find at least one who would have the courage to ask the Minister of National Health and Welfare to give a clear explanation with respect to his interpretation of this particular section. And I wonder, Mr. Chairman, why it is that we must always come back on everything, implore, urge the minister to tell us what he thinks, how he interprets or what his definition is of a section of the constitutional act. Is this so very difficult for the minister?

This afternoon the Leader of the Opposition (Mr. Diefenbaker) stated that he considered the minister to be a brilliant man. I find the minister is brilliantly silent, because he knows that he is presently unable to give us his legal, historical and constitutional definition of section 94A. This is not difficult and it would be very clear. I wish to point out to the hon. minister that if he refuses to answer, he can expect that we will expose him—as we will have to—on the electoral platforms of the province of Quebec, along with those of his colleagues who refuse to give clear and plain explanations.

Mr. Chairman, our senior citizens are in urgent need. Several are in an extremely deplorable financial position. I represent a riding where the majority of voters are of the working class, and when they get to a certain age, these people can no longer earn a living with their trade, profession or occupation. Most of them are without any means of livelihood and they must receive government assistance. Whether this help comes from the provincial or the federal government does not matter, as long as somebody helps them.

Well, the Quebec government has shown its intention to assist them, to try and meet their needs, and that is why the federal government does not have to interfere in that

field. It no longer has a priority nor a constitutional right to occupy the old age pension field, as it is doing at the present time, or as it wants to do.

The hon. member for Villeneuve (Mr. Caouette) said earlier that the federal government had taken the initiative to legislate as far as old age pensions are concerned; he was right. When the federal government did that, the provinces had shown no interest —because they did not have the means to finance such a legislation. But now the province of Quebec has shown its firm intention to legislate in that field, and if the minister keeps on refusing us a more precise definition of section 94A, I say that he runs counter to the law, he kills, right from the start, anything that we might contribute in future on the constitutional amendments, when we have developed a system for the revision of the confederation pact.

Mr. Chairman, I insist, as member of this house, and I ask and order the minister to give us an answer, or his interpretation of this section of the constitutional act referred to by several members of this house.

Why does the minister refuse stubbornly to give us an answer? Is he unable to do so? Is he short of legal advisers. Or is it because his colleagues from Quebec, on whom he based all his political propaganda during the last election, are unwilling to commit themselves with him in connection with that bill? The people have the right to know the reason for this silence which we disapprove, this silence which indicates to the people of this country the poor sense of responsibility shown by the minister in the House of Commons towards the representatives of the people. I do not understand why there is no standing order in this house compelling the minister to give explanations and state clearly his position about the discussion of a basic and unalterable principle, that is whether the minister is acting legally or illegally. I maintain, for my part, that he now acts illegally from a constitutional standpoint by forcing Quebeckers to submit to his act instead of the Quebec legislation as prescribed by the constitution.

Mr. Chairman, it is obvious that the members, and the minister knows it, are in a very difficult position or will be in a very difficult position when the time comes to vote for or against Bill C-251, because of the political aspect it implies. If members of this house were asked to vote on section 94A, concerning the bill before us, it would be a vote of censure toward the minister, and he knows it. That is why he remains silent and does not want to inform the house of his government's intentions.

We cannot afford, we, responsible members, to play politics at the expense of our senior citizens, because we consider that we have an important social role to play. But we also know that the government is not honest in introducing this legislation. Knowing already that the provincial government intends to vindicate its constitutional rights in that field, the present government and the minister place the members in a situation which does not correspond to reality and which may be interpreted as a denial of the advantages which we want to provide to our senior citizens, if we vote against the bill. And if we vote for the bill, it means that we are accomplices of the minister in betraying the provisions of the British North America Act.

That, then, is the dilemma to which this bill and the minister's silence reduce us. If the minister gave us a clear definition, an accurate interpretation of the act, I believe we could far more honestly and objectively take a stand. I feel that the minister will be responsible for whatever treasonable acts are perpetrated by his own colleagues of the province of Quebec, when the vote is taken on this bill if he does not throw some light on his present stand.

We know, Mr. Chairman, that the N.D.P. members will vote for it blindly and without hesitation. Under the cloak of social justice they flirted with the province of Quebec during the last election campaign. They said to the people of Quebec: "You know, we, in our party, understand the problem of French Canadians; we recognize the independence of the N.D.P. in the province of Quebec under Mr. So and So; we will intervene in the decisions that are made."

• (5.00 p.m.)

Today those people will blindly approve the government, without any discussion. And what are they going to say during the next election in the province of Quebec? They will have to be denounced also as opportunists who go into the province of Quebec, the way the Liberals did during the last election, gathering votes and, the following day, betraying their promises toward people who are too proud and too honourable to accept the dishonest compromise and dilemma which are being proposed to them today in this legislation.

And if the minister refuses to give answers, we shall hold him personally responsible and his government will suffer the consequences of such irresponsible action at the next election.

Mr. Chairman, I would like the minister to tell us what the British North America Act and clause 94A represent to him.

If he is unable to tell us, well, we no longer need an inefficient minister within the government, and we shall see to it that he is replaced. If the government is unable to explain itself clearly, we shall also see that it is replaced.

Mr. Allard: Mr. Chairman, I have no intention of prolonging this debate. Last Tuesday, on second reading, that is before consideration in committee, I had the opportunity of making comments on the subject matter of the bill as well as on its constitutional implications.

I followed with a great deal of interest this afternoon the speeches of hon. members and particularly those of members of the official opposition. The one who has just resumed his seat, the hon. member for Sainte-Marie (Mr. Valade), as well as the speaker who preceded him, the hon. member for Charlevoix (Mr. Asselin), asked the minister some very judicious and important questions.

The hon. member for Sainte-Marie is wondering why the Minister of National Health and Welfare (Mr. MacEachen), or the government, refuse to divulge their position and their opinion on the constitutional implications of this bill. Although the minister, it seems, does not want to answer, I think we were given a very solemn and imposing answer by another minister of the crown, the Associate Minister of National Defence (Mr. Cadieux) when we were examining another bill in this house during the present session. If I remember rightly, it was the bill concerning the creation of a cultural centre in Canada.

When some hon. members talked about the constitutional implications of this other bill, the Associate Minister of National Defence rose to condemn as shenanigans all these constitutional points often raised in this house by hon. members and based on the British North America Act. Yes, such is the attitude of Liberal members of this house and the cabinet ministers who come from the province of Quebec; for them, as for the government and the whole cabinet, constitutional implications are merely shenanigans. Hon. members should not expect an answer either for no government has ever shown such systematic obstinacy in not giving this house and the country explicit statements in order to eliminate undue conflicts. On the contrary, the government is aggravating those conflicts.

As the hon. member for Charlevoix pointed out, the government of the province of Quebec, through its new premier, Mr. Daniel Johnson, has already stated publicly that it would not accept that this point be decided by or referred to the Supreme Court of Canada.

His predecessor, Mr. Lesage, also rejected the authority of the Supreme Court as far as mining rights on the continental shelf were concerned. In that matter, in that parallel responsibility as set out under section 94A, it is clearly stipulated that a jurisdiction, a prior and exclusive responsibility is granted to a province, when it decides to enter into that field of action.

The Supreme Court, with due respect to its honourable members, is not a body which can rule on constitutional opinions and conflicts between the central and provincial governments within the federative system in which we are living. In a federative system, the central government as well as the provincial governments are equal and autonomous in their respective responsibilities. A body appointed by one level of government is not apt to rule on conflicts which could occur between the central and provincial governments.

I know quite well that before 1941, we had an objective and constitutional authority, namely the privy council in London, as decided in 1867. Now, when the two parties concerned, either the central and provincial government or provincial governments, disagreed on the interpretation of the constitution, the privy council in London delivered its ruling on the appeal. Before 1949, there was an objective organization to settle the disputes between two levels of equal and autonomous governments within a federative system. But the federal government of the day abolished appeals to the privy council, which was a very good thing, not from the viewpoint of the constitution but of the emancipation of Canada, of the achievement of domestic and international sovereignty. Among the signs of sovereignty, an independent and self-governing country within the commonwealth

of nations had the power to decide its contentious matters, in last report, and it is under the provisions of the Statute of Westminster, of December 11, 1931, that the privy council, in London, was abolished as a final court of appeal in 1949. Since 1949, we do not have in our country an objective constitutional court, whose members would be appointed by the central and the provincial governments to represent precisely those various viewpoints, within federalism, of the various governments with regard to their equality and autonomy.

For the above reasons, the Quebec government and probably other provincial governments if they want to speak more openly, and millions of Canadians, are of the opinion that there is no court in our country to provide objective opinions on constitutional interpretations. And this government is always dragging its feet in this matter as well as in many others.

• (5:10 p.m.)

In regard to constitutional reforms, it has created, so it seems, an unofficial committee of public servants. Imagine, Mr. Chairman. Such is the spirit of liberal bureaucracy all right. It is not the legislators of this parliament who have to find, in 1966, a solution to the problems of our time and the necessary constitutional reforms, consistent with normal changes occurring over a 100-year period. No. It is not the legislators of this parliament who have to determine and discuss those problems. This Liberal government has created an unofficial committee of public servants, who are giving advice to the right hon. Prime Minister (Mr. Pearson) or other members of the cabinet, in regard to possible reforms or adjustments. I think it is a serious mistake from the democratical as well as the legislative point of view.

How unfortunate that this should happen only a few weeks before we celebrate our centenary, since in a few weeks from now, it will be the beginning of the year 1967, meaning a record of 100 years for this magnificent country made up of so many Canadians of good faith from one ocean to another. Why is it that those Canadians do not understand each other sufficiently? Why is it that some, in a corner close to the Pacific ocean, and some others, close to the Atlantic ocean, are at times under the impression that they do not know each other and that it is very difficult to establish national understanding and brotherhood? I say that this Liberal government is greatly responsible for such a situation, for it has refused, since January 18, since the opening of this session, to give the Canadian parliament, the members of which come from different sections of this country, the opportunity to openly discuss, specify, establish constitutional taxation reforms, through a joint committee of both houses. Let the government rely upon the intelligence and the good faith of the hon. members.

Personally, I may have particular reforms in mind and at heart, specific reforms that some Canadians will find drastic, but I am ready to discuss the matter. I want to exchange views in an official way, through a committee appointed to this effect. I am sure I will be able to make concessions, as other members who might sit on that committee so as to enable Canada precisely to turn toward a better, a much more efficient federation than the one we have known until now and the centenary of which we are going to celebrate.

I will always maintain that the present government, by refusing to set up this committee, makes no effort to establish, realize and materialize national harmony and brotherhood.

Mr. Chairman, how do you expect provincial representatives to get along with their federal counterparts with respect to every problem that comes up, when our parliament denies us the opportunity—as intelligent human beings—to define, organize, direct and activate the different levels of government for the next one hundred years.

Mr. Chairman, I hope the hon. Minister of National Health and Welfare will make his position known before the end of the debate. Let him not hesitate; we are prepared to hear him through, even though his views may be different from ours. But we want to hear what he has to say and let him not resort to this evasive way of going about things. The present government may very well decide unilaterally to embark upon a supplementary aspect of old age security, but it is not a unitarian system of government we have in Canada.

We live in a federative system. There will be conflicts. The Quebec government said so clearly, and I am sure that the premiers of other provinces will do so shortly, and this will occur again.

Today I put a question to the Minister of Transport (Mr. Pickersgill) concerning the refusal by Quebec and several other provinces

to accept a federal control on transportation. But we get evasive meaningless answers, which perpetuate and multiply incomprehension in the country and increase tensions between the provincial governments and the central government.

In closing, like other members who took part in the debate this afternoon, I urge the Minister of National Health and Welfare to tell us his exact position on the constitutional implications of this bill and to tell us also whether his government considers that the Supreme Court is a competent constitutional court to deal with these constitutional conflicts.

We would appreciate definite answers from the hon. minister; we do not want him to answer that our interventions are only constitutional monkey-shines.

Mr. Grafftey: Mr. Chairman, as I mentioned a few days ago, following the speech of my hon. friend, the hon. member for Sherbrooke (Mr. Allard), it is quite obvious that the time has come for us—I say for us, members of parliament, and I emphasize the words "members of parliament"—to consider the true reforms to bring about in our Canadian constitution, while we are considering this bill.

[*English*]

Again, for the third time, let me say to the minister—

An hon. Member: Filibuster.

Mr. Grafftey: Hon. members from Quebec cry "filibuster". How can we be filibustering when we are talking about national unity and our constitution?

Mr. Guay: They are not from Quebec. Change your glasses.

Mr. Grafftey: My hon. friend made the same remark. I will be interested to hear the hon. member's maiden speech. At any rate, Mr. Chairman, let us face the facts and what is happening. Soon the B and B commission is going to report. Soon the constitution committee of the province of Quebec is going to report its findings. What is going to happen if we in Ottawa do not act? With whom do we hold a dialogue? The dialogue will take place in a vacuum, and our national unity and federal-provincial relations will suffer, if this sort of thing continues.

Hon. members opposite say there is not enough national unity in this country to get on with the job of constitutional reform. I say that there is. I say that in our centennial year there will be enough national unity in order for us, as parliamentarians, to use it as a base in our study of the constitution. What I believe we need is a committee made up of members of parliament from all parties and from all regions in this country to study in depth the Canadian constitution. Let us meet with similar bodies in provincial capitals, and then, as the leader of my party has said time and time again:

[*Translation*]

After such a dialogue with the other provinces, we are going to sit here in Ottawa with the premiers and the members of the other provinces, to get a modern constitution adapted to our modern days.

Mr. Chairman, we shall see, in the future, that our constitution has been perhaps or will be flexible enough for our existing needs. It may be necessary to amend it slightly or to rewrite it completely. As for me, I notice for the third, fourth, or fifth time in the House of Commons, that we must get to work without delay and exchange views with the other provinces. Within a few weeks, we shall know the decisions or the findings of the Laurendeau-Dunton commission. We are going to see a committee report in the province of Quebec. Therefore, there must be an exchange of views between the federal government and the other provinces, and we have our own responsibilities to assume here in Ottawa.

[*English*]

But, Mr. Chairman, what does the government do?

Mr. Patterson: Mr. Chairman, on a point of order, I wonder whether the Chair would kindly advise us just what we are discussing at the present time. What is the measure now before the committee?

Mr. Grafftey: Some of us who are in tune with the real problems in this country, Mr. Chairman, think that we are discussing perhaps the future of this country. Maybe the hon. member is one of those centralizers who does not understand the problems, but we are going to try and make him understand.

Mr. Patterson: Mr. Chairman, I did not ask for any advice particularly from the hon. member. I asked my question of the Chair. What are we discussing here at the present time, Mr. Chairman?

Old Age Security Act Amendment

• (5:20 p.m.)

The Deputy Chairman: May I remind the hon. member, and members of the committee that we are on clause 1 of a bill to amend the Old Age Security Act. I know that there may be observations about the constitution and about the constitutionality of certain matters—

[*Translation*]

—the constitutionality of the act. I believe the hon. member for Brome-Missisquoi (Mr. Grafftey) should depart from general terms and deal with the crucial point of the bill, namely the amendment to the Old Age Security Act.

[*English*]

Mr. Grafftey: I am on clause 1, Mr. Chairman. Time and again the opposition, and I speak for many backbench supporters of the government, have been faced with *fait accompli* legislation, especially in fields involving conjoint jurisdiction in the constitution. That is plain, Mr. Chairman. No matter what the constitution says, the political facts in Canada today are plain. We may do this and that, we may have our B and B study, but in the final analysis the constitution is a political document and politicians must deal with it. They should not bury their heads in the sand. Not a month goes by without some provincial premier drawing attention to problems. This time the premier concerned is the premier of Quebec. The government ought not to act unilaterally without consulting with the provinces. In centennial year, let us get down to the basic job of reforming the constitution. Section 94A of the British North America Act—

Mr. Pickersgill: Would the hon. gentleman allow me to ask him a question?

Mr. Grafftey: Certainly.

Mr. Pickersgill: Is the hon. gentleman's argument, which I apologize for not having heard in full, that this parliament does not have jurisdiction to enact this bill?

Mr. Grafftey: This parliament does have the jurisdiction which is conjoint.

Mr. Pickersgill: It does.

Mr. Grafftey: Right; perhaps I ought to say a word about what I am arguing.

Mr. Pickersgill: Yes.

Mr. Grafftey: Let us not quibble about the letter of the law. We have jurisdiction. We can do lots of things, but let us do them in a way that will enhance federal-provincial relations and national unity at this stage of the country's development. The premier of Quebec exists, as do the premiers of the other provinces, yet this government does the kind of thing it is doing here without consulting these provinces. The ministers of the government say nothing about their ideas about basic constitutional reform. They are for national unity—

Mr. Pickersgill: May I ask another question? I am trying to understand the hon. gentleman's argument and his position. When he thinks that something is exclusively within federal jurisdiction, which he has admitted—

Mr. Grafftey: No, no.

An hon. Member: No, he has not.

Mr. Pickersgill: Perhaps I might be permitted to put my question without help. It may be a poor question, but the hon. gentleman has admitted that this bill—I am not talking about the subject matter as a whole—is within the jurisdiction of parliament.

Mr. Grafftey: Right.

Mr. Pickersgill: He admitted that a moment ago. Is he now suggesting that we should not introduce legislation that is within the competence of the parliament of Canada, before we have consulted provincial governments? Is that the position of the Conservative party?

Mr. Grafftey: No, that is not the position, and I will answer the hon. minister very briefly. Though I am a lawyer I would not apply such legalistic, narrow arguments to the broader questions of national unity and federal-provincial relations as they bear on this country we call Canada. We are the first country in the western world that has attempted to make a federal system work with parliamentary government. Without going into a whole lot of legal arguments, every member of this house, no matter to what party he belongs, realizes that things are not going well in 1966. I commend the Minister of National Health and Welfare for his humanitarian goals which I support, and I say to the Minister of Transport that we do have jurisdiction. But I also say that it is most important that we do not, by our actions as a government, exacerbate the situation.

It is up to us to tell the country as we approach centennial year what our opinions are relating to basic constitutional reform.

Backbenchers opposite say that any committee looking into such a problem ought not to be an all party committee. They say that such reform is the responsibility of the government. If that is the case let them accept their responsibility. Let them act so that ministers, such as the Minister of National Health and Welfare and other ministers, will not run into difficulties when, in future, they decide to plunge into these conjoint areas of jurisdiction to which I refer. Because things are as they are, because of unilateral action in conjoint areas, I see not one, but five or six unnecessary situations in which friction will be stirred up. We shall have friction until we get down to this basic job of constitutional reform.

The minister asks, what about section 94A.

Mr. Pickersgill: I did not.

Mr. Grafftey: That section reads:

> It is hereby declared that the Parliament of Canada may from time to time make laws in relation to old age pensions in Canada, but no law made by the Parliament of Canada in relation to old age pensions shall affect the operation of any law present or future of a provincial legislature in relation to old age pensions.

That is the constitution. I know what the practice has been, and I think it is desirable that we have uniform social welfare legislation in this country. But, once and for all, let us face the facts of life in 1966. We have political people here called provincial premiers who should be consulted to let them know what is happening. Do not take this kind of unilateral action without consulting them.

Mr. MacEachen: May I ask the hon. member a question? Did the official opposition consult the provincial premiers when they moved an amendment earlier this session to increase the old age pension by $25—

An hon. Member: Unilaterally.

Mr. MacEachen: Unilaterally.

Mr. Grafftey: Let me say this, in spite of the things of which we are accused. I am sitting three or four feet from an ex-minister. He picked up the telephone and spoke to provincial premiers to let them know what was happening. When we were in power, did you hear about these troubles with provincial premiers?

Some hon. Members: Oh, oh.

Mr. Grafftey: In my province, you tagged us with the gimmick that we were anti-Quebec. Did you hear about the winter works program? I was in the Minister of Labour's office and I told him about my problems relating to winter works. I was in his office when he telephoned officials in Quebec and the whole problem was cleared up. We made a go of the program, and it worked well because we consulted the provinces.

I say to the hon. minister that we want to see progressive legislation on the statute books, but many people are becoming worried about how it will work. If this government acts unilaterally in fields such as this, pretending with its head in the sand that the provinces do not exist, it will run into trouble and national unity and federal provincial relations will suffer.

I say for the tenth time—I see hon. members opposite are laughing. Some are saying, "I wish the bore would sit down". I say for the tenth time, let us start an all-party parliamentary committee to look at this question in centennial year and to discuss our constitution. How would it look in future, with all our B and B commissions and things like that, if we as parliamentarians cannot get together to discuss this problem? Let the committee go to the premiers and consult with them, and then come back to Ottawa to see what it can do.

An hon. Member: Let us get back to the bill.

Mr. Grafftey: If we do nothing else, at least we shall have tried. Members opposite might take this lightly. They are in a hurry, I know, to get progressive legislation on the statute books.

An hon. Member: They are jumping the gun.

Mr. Grafftey: They are jumping the gun, as a colleague says.

Mr. Pickersgill: The hon. member may remember what the hon. member for Grey-Bruce said about pensions.

Mr. Grafftey: Let us all act, so that one year from now we may see how Canada looks with a reformed constitution. A reformed constitution will be better for the country and it will make our legislation work better. Hon. members, such as the independent member for Sherbrooke, are not speaking as they do for fun. I am sure were party discipline on the other side not so rigid, backbenchers of the government would make the speech I have made.

Mr. Pickersgill: God forbid.

Mr. Grafftey: Why is not one Quebec member from the other side making this kind of speech, when it is patently obvious that something is wrong? Mr. Johnson asked every one of you to think about this, and you sit there like robots automatically voting for this bureaucratic government. What is wrong? Are you not speaking, thinking that the people in Quebec will automatically vote Liberal?

• (5:30 p.m.)

Do members opposite intend to sit back, thinking the people of Quebec will vote Liberal automatically from now until doomsday? Those people will take a good look at this legislation and ask why the centralists have been allowed to run them down. The government wants the votes when the clutch is on, but ignores Quebec on a gut issue like this one. I say to members opposite: you will not be elected automatically in future. Call this a filibuster, call it what you will, but people who are looking at this issue very profoundly, and who want this type of legislation to work, are warning the government. I am only one of many members who are making speeches of this kind, and I am hoping the government stands so warned.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I am one of those who wondered this afternoon what the discussion was all about because I listened to dissertations on the constitution which—to be sure—were enlightening at times, and which are certainly appropriate once in a while because if no one sounds the alarm, problems will evidently remain unsolved.

Nevertheless, I followed with interest the speech made by the hon. member for Brome-Missisquoi (Mr. Grafftey) and I would agree with many of the things he said. At one point though, the member for Lapointe (Mr. Grégoire) was the only one to applaud; there was not even one Conservative member applauding him; that is what brought discredit upon him, in my opinion. I began to worry at that point and I said to myself: there must be something unorthodox in what the member for Brome-Missisquoi just said. And—

Mr. Grégoire: That proves the superficiality of it all. It is not applause which determines the quality of a speech; it is the essence of the speech itself that counts. This just goes to show how superficial you are.

Mr. Mongrain: Mr. Chairman, I am not expected to make more elaborate comments on the observations of the hon. member for Lapointe (Mr. Grégoire), since he has once again condemned the members of the Conservative party by stating that theirs is a superficial attitude.

However, Mr. Chairman, I feel we are considering a bill which meets a need. Is it constitutional or not? It appears that hon. members do not agree on that point since those who objected to the bill this afternoon asked that an interpretation be given of the pertinent section of the constitution. The mere asking for this interpretation immediately suggests that the meaning is not clear and that there is a possibility of being right in both cases.

I feel the situation should be viewed from a different angle but, mind you now, I am not condemning those who are presently demanding that the constitution be rejuvenated—I do not even blame those who maintain that this bill might be unconstitutional—because I am of those who feel that we must eventually bring our constitution to date.

Mr. Chairman, what worries me is that, if we delay passage of legislation which fulfil some needs, because there are terms we want to discuss here, it would be detrimental to the senior citizens who are anxious to receive those benefits; indeed, they are not much impressed by constitutional problems. Besides, what really counts for them is their cheque, and I wonder whether some compromise could not be found to settle the matter.

For instance, if any province should decide to pass legislation on old age pensions, I would think that the government should grant fiscal compensation to that province and transfer its responsibility to it. This would probably be a compromise that would make the government project more acceptable to those who now raise constitutional arguments against it.

Mr. Chairman, from my point of view, I cannot object to it because of a vital and urgent need for an increased old age pension to the senior citizens. This settles it. From there, let us strive to rejuvenate the constitution, straighten all those things, let lawyers agree among themselves—this may never be, perhaps it is wishful thinking—to try and arrive at an acceptable constitution formula.

A while ago, as I listened to my friends from Brome-Missisquoi (Mr. Grafftey) and from Sainte-Marie (Mr. Valade) and even to my deskmate from Sherbrooke (Mr. Allard), who is a member of the legal profession and whose knowledge of constitutional matters I quite often admire, I said to myself:

Some people want to exert pressure on the federal government to establish a new constitution. I was thinking of my own province and I was asking myself: In my province, at least, are people in agreement on some formula? Do people know what they want actually? Would it not be rushing things dangerously to require that the constitution be reframed while taking into account all demands—the word "demands" might not be the proper one—from the province of Quebec, as long as there is no certainty about the consensus of those responsible for the future of that province?

Now, I do not feel that we are in agreement, and I still have fresh in my memory this remark from a previous Quebec minister who, also, was quite convinced that the constitution had to be revamped as soon as possible but, as he said: "The time does not seem ripe, since we are not in accord yet."

When the hon. member for Brome-Missisquoi says, about this bill, that we should take this opportunity to establish right away the dialogue, to form a joint committee to discuss a possible new constitution, I do not share his opinion, since I believe that when we discuss such a constitution, we shall leave the responsibility to men like ourselves, politicians, who, though well meaning, will always be exposed to some resurgence of partisanry which will prevent them from coming to an understanding.

I believe rather that we should choose in the ten provinces people of recognized qualifications and uprightness, people who are not influenced by partisan considerations, who, in their respective fields, are acknowledged as authorities, and then form what I have called already a sort of Council of Wisemen. These wisemen, sitting around a table, will establish the good will dialogue as suggested by the hon. member for Brome-Missisquoi, and thereafter will offer to the responsible provincial authorities and the federal government an acceptable constitution formula.

But are we going to wait for that before we give our old people and our sick what they need? I do think so, Mr. Chairman. I am not so exacting, while not condemning those who are, honestly and sincerely, because I feel the need here is vital, fundamental, and that our old people need those things. I shall therefore vote in favour of the bill.

Mr. Chairman, I wish to repeat, however, that, to my mind, fiscal compensation to the provinces which may wish to have their own plan is a necessity. Indeed, some people may have overlooked the fact that we are dealing here with a transitory legislation; within a few years the provincial pensions acts will gradually eliminate the need for it.

• (5:40 p.m.)

There will come a time where this act will play but an infinitesimal role. I see it as an interim act, an act of transition, to be replaced eventually by provincial pension acts now starting to be enforced but which do not cover everyone.

Now, Mr. Chairman, certain matters obviously worry those who will be entitled to those pensions. For instance, those who already have other pension benefits will see their income reduced because of the new pension plan. This should be provided for in this bill, because it seems to me that since they have paid for those pensions, they are entitled to them, the pensions should not be considered the same as income from the operation of a business or something similar.

Mr. Chairman, I repeat that we do not have the right, in my opinion, to refuse to the aged the minimum income they need to live decently until such time as the constitutional authorities of all the provinces agree on a new constitution, something which, in my opinion, will take several months and probably several years in the climate which prevails now.

I feel that in the province of Quebec a reasonable agreement has yet to be reached by a majority to adopt an acceptable formula. If the government could include in its bill—and I would have voted for the amendment if it had been moved—the principle of fiscal compensation for the provinces that want their own bill, such a compromise would probably meet the requirements of the majority.

Mr. Valade: Would the hon. member for Trois-Rivières allow me a question?

Mr. Mongrain: Yes, Mr. Chairman.

Mr. Valade: Has the hon. member for Trois-Rivières read section 94A of the Confederation Act?

Mr. Mongrain: Mr. Chairman, I guess I read it 25 times. I find that it opens the door on both sides; it does not close it to anyone. I feel that if the government understands that there is an urgent need to fill, a need which the provinces are not filling at the present time, it is its duty to do it until the provinces take over.

Old Age Security Act Amendment

I noted that my hon. friend from Sainte-Marie said that those who will vote for the bill will lay themselves open to a charge of treason. Of course the charge is very serious. But as far as I am concerned, Mr. Chairman, I will vote for that bill and with a clear conscience because it will help put a little more bread on the table of the old people of my riding and of the whole country.

Some hon. Members: Hear, hear.

Mr. Beaulieu: Mr. Chairman, I listened with a good deal of interest to the speech of the Leader of the Opposition (Mr. Diefenbaker) and to those of all the hon. members who represent the province of Quebec in this house.

At the present time, we are dealing with legislation which is of interest not only to the people of Quebec but also to every Canadian citizen. During the last election campaign, I remember, we promised $100 a month to each and everyone if our party came to power, and at that time, we could hear our opponents say: We shall give you $125 a month. But now that they are in the house, they sing a different tune. The party in office now introduces a piece of legislation and says: All those who received $75 at 70 years of age, without investigation, will now get $75 at 69, 68, 67 or 65 until everyone gets a pension at 65.

The position in which our fellow citizens find themselves in every province—and here I refer in particular to those in our own province—is that $75 a month is not enough to live decently.

When an additional amount of $30 is offered, but subject to a condition, in my opinion, it is a little undignified because the $30 difference is equivalent approximately to the increase in the cost of living, in Quebec as well as in the rest of Canada.

A little earlier, when we are dealing with the legal and constitutional aspect, it was stated that the province of Quebec had refused it. I think that it is the leader of the Quebec Créditistes who said: "It is Ottawa which took the initiative." I remember that, as if it were yesterday, because at that time I was entering provincial politics. It is true that the premier in office of that time refused, and he refused during seven years, to grant the old age pension to the people of our province, but was he wrong or right? That is a question one can rightly ask.

[Mr. Mongrain.]

Mr. Chairman, at that time the province of Quebec had a yearly income of $75 million only, when today, its income reaches the $2 billion mark. As far as income is concerned, the province of Quebec at the present time is one of the richest in the Canadian confederation. But we fought, in 1936, claiming the old age pension for the people of Quebec because at that time, we were paying taxes to the federal government. Today, the problem is the following. The government wants to have investigations, to search through people's lives, to worry the aged, those who have $500 in the bank, the workers who managed to acquire a small property over 30 or 40 years and tell him: "Now you are going to assess your income to see whether you have a monthly income of $60 or an annual income of $720; if you do, you will lose your $30 completely.

People will be in a position where they are going to ask themselves: Are we going to make a false statement? Are we not going to take our $1,000 out of the bank and bury it?" Do they want all taxpayers in our province and in our country to act as hypocrites? I am reluctant to accept that, Mr. Chairman, and I think that the suggestion that was made, not only by our party but by almost every party and even by the Independents to give the full allowance to everybody, without asking any questions, would have solved the problem.

But the problem facing us at present is a constitutional one and as I have spent 19 years in Quebec, I have become sensitized to that question. Respect for laws in the provinces is very important to me. I know the federal government has rights, and that it is the responsibility of federal members to preserve them. But members in Ottawa also represent one province or another, and in our case, we represent the province of Quebec. With a population of 6 million out of the 20 million people in Canada, I feel we are representing quite an important area.

Clause 92A is probably the clearest of all clauses in the British North America Act. As regards clauses 91 and 92, there are discussions. It is being said "they are subjects of exclusive provincial legislation", but in a further clause, one can read:

—nevertheless, in case of urgency, in case of war—

hot war or cold war—

—the federal government may be granted the right that we regarded as exclusive to the provinces.

But in clause 94A, there is no doubt, whether it be past, present or future, a province may at a given moment, claim the exclusive right in this matter. Even if the federal government lays claim to that right, I am not denying it such a right, I say that if the province claims it, I wonder why the minister and the government persist in provoking the provinces.

• (5:50 p.m.)

In Canada, as we know, we are going through a difficult period at this time. We are going through a troubled period. And in the province of Quebec—more than anywhere else perhaps—people are awakening and claiming their rights. And that is the reason why I was listening with pleasure to the leader of the Conservative party (Mr. Diefenbaker) when he said, a while ago, that he wanted constitutional rights to be observed. And I heard other members saying: "We dread the decisions of the Supreme Court". Thus spoke the hon. member for Sherbrooke (Mr. Allard) and other members.

And the present premier of Quebec, as well as his predecessor, Mr. Lesage, are unanimous in saying that they do not accept, in certain cases, decisions from the supreme court regarding constitutional matters. This is no wonder. The court in question is organized and appointed by the federal government; consequently, it cannot be a good judge in such a delicate and important field.

Concerning the arguments put forward as to whether the federal government should readily grant the provinces what they are asking for, Quebec demands recognition of a right to which it is entitled under the constitution. There is no doubt about that. But instead of saying yes, the federal government is defying Quebec once again. This situation occurred often enough. In my opinion, the time has come for the present cabinet, for the minister there—who means well, I admit it —to take a position which would contribute to better relations between the federal and the provinces. Actually, it would be very simple if the minister would only say: we will give the fiscal compensation to the provinces requesting it, because they are entitled to it. This, I think, is the viewpoint of my party: provinces should be given fiscal compensation; discussions with our provinces at every turn should come to an end.

As a matter of fact, the federal government will spend large amounts to initiate inquiries. It would be so simple if it only said to the provinces: administer the plan, whether it is $75, $100, $105 or $125 a month; the province may provide whatever payment it wants, and the federal government will grant it fiscal compensation, guaranteed by its own legislation, as it is bound to give it to all other provinces who will not accept to administer themselves the scheme under consideration in the house.

I am surprised to note that the ministers from Quebec do not stand up here to demand the rights of their province. I am surprised to note that members who, during election campaigns, in the province of Quebec, for all sorts of reasons, contend that their party is the defender of the rights of minorities, of provincial rights, do not stand up now to demand those rights here. They know that all parties in the Quebec legislature are unanimous in claiming those rights. But here, what the official opposition, the Créditistes, the independents ask for is not heard. One would say that their arguments fall on deaf ears. The minister does not want to; his attitude is such that it is provoking a reaction in the province at a time when the latter must remain calm, when it must sense what is coming, when it must prepare the future. The government in power has only about 50 members in whom the Quebec people have placed their confidence. Those men have no right today to cast a vote which would prevent the province of Quebec from getting what belongs to it, from claiming, in all fairness, the right to admister and to apply within Quebec, for Quebec and by Quebec, the social legislation which comes under its jurisdiction.

I think the minister would do well to review his legislation and to bring forward some amendments that are imperative. I am convinced, Mr. Chairman, that we could then bring back a climate of peace and good will between federal and provincial governments.

But especially, I would like a climate of good understanding between my province, the province of Quebec, and the government of my country.

Some hon. Members: Hear, hear.

Mr. Béchard: Would the hon. member permit a question.

Mr. Beaulieu: Yes.

Mr. Béchard: The member said how much he was respectful of the rights of provinces. Is he more respectful today than he was in 1936 when he was accepting interference of the federal government in the field of old age pensions.

Mr. Beaulieu: Mr. Chairman, I want to answer that immediately. That is the reason

why the Liberal party was defeated in the province of Quebec. That was when the former premier, the late Mr. Duplessis, conducted his campaign by saying: "We will accept the old age pension plan in the province of Quebec. We accepted it then, but we had only $95 million revenue". But today, full control is asked.

Mr. Béchard: The hon. member did not answer my question. Was he ready then to sacrifice autonomist principles for money.

Mr. Beaulieu: There was no principle to sacrifice. It was a federal piece of legislation; there was no principle involved.

Mr. Grégoire: I should like to say a few words following the last remark made by the hon. member for Bonaventure (Mr. Béchard). I think he does not quite understand the problem.

Under the constitution, the government has the right to pass this bill. That is understandable, as long as it adds, as suggested by my colleague, the hon. member for Sherbrooke (Mr. Allard), the hon. member for Saint-Jean-Iberville-Napierville (Mr. Beaulieu) and the hon. member for Sainte-Marie (Mr. Valade) and, one has to admit, the hon. member for Trois-Rivières (Mr. Mongrain), because he heard other members make the suggestion before him.

Mr. Mongrain: Mr. Chairman, I rise on a point of order. I want to point out that I did not hear the hon. member for Lapointe (Mr. Grégoire).

Mr. Grégoire: Mr. Chairman, it does not matter who says it, as long as he hears it, that is good enough for him.

Mr. Chairman, how about adding a fiscal compensation in order to hand over to the provinces the sources of income equivalent to the amount the province of Quebec would have to pay for those old age pensions? This is what we are asking and it is a rather simple matter. It is said that both levels of government have jurisdiction, but if a provincial government wishes to enter this field, it has priority to do so. Provision should be made in the bill for a fiscal compensation to be paid to any province wishing to take over old age pensions. I wonder whether the hon. member for Saint-Maurice-Laflèche (Mr. Chrétien) does not find it reasonable, since he is the parliamentary secretary to the Minister of Finance and Receiver General (Mr. Sharp), to provide for a fiscal compensation to be paid to any province that wants to take over old age pensions. This is what we are asking. There is no question of depriving older persons of their pensions or of an increase as soon as possible. We are quite willing to pass the bill, but only if a fiscal compensation is provided, all the more so since a provincial government has already made known in its speech from the throne its willingness to take over old age pensions.

If a province is also justified in wanting to take over old age pensions, why then would we ask the taxpayers in that province to pay twice? Why not immediately make provision in the act for fiscal compensation? That is all we ask, Mr. Chairman. And I feel that, under the constitution, this is a perfectly normal and logical procedure, and should be acknowledged by the Minister of National Health and Welfare (Mr. MacEachen).

Mr. Chairman, section 94A provides precisely for this kind of situation. That is why I see nothing against introduction of this legislation by the federal government, under the present circumstances, but I would also like to include the section providing for fiscal compensation to those provinces wishing to take over this service.

• (6:00 p.m.)

Mr. Chairman, that is what I ask. I feel that it is the minister himself who should introduce this item. An appeal was made a while ago by the member for Brome-Missisquoi (Mr. Grafftey). The member for Sherbrooke (Mr. Allard) also made this appeal, and so did the member for Sainte-Marie (Mr. Valade), and I urge the Quebec Liberal members to express their views on this particular point, to drive home the fact that this legislation should provide for fiscal compensation.

Mr. Chairman, may I call it six o'clock?

[*English*]

The Chairman: It being six o'clock, and in order that the house may proceed to the consideration of private members' business, I do now leave the chair.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be debated at the time of adjournment tonight are as follows: The hon. member for Lotbinière (Mr. Choquette), amendment to Criminal Code and Canada Evidence Act—concerning validity of

confessions in certain circumstances; the hon. member for Renfrew North (Mr. Hopkins), public works—Pembroke, Ont.—wharf facilities.

PRIVATE BILLS

LEAGUE SAVINGS AND MORTGAGE COMPANY

The house in committee on Bill No. S-30, to incorporate League Savings and Mortgage Company—Mr. MacEwan—Mr. Batten in the chair.

On Clause 1—*Incorporation.*

Mr. Howard: Mr. Chairman, I must express my appreciation to the parliamentary secretary to the Minister of Finance for recognizing that this bill, relating to the League Savings and Mortgage Company, involves the incorporation of a company which operates in competition with the operations of a credit union incorporated under the Loan Companies Act. This bill was considered by the committee on finance, trade and economic affairs, but it will be perhaps February or March before we will have the proceedings of that committee printed.

Perhaps I should repeat what I said at the second reading stage of this bill. For many years I have been a member of a credit union and I thoroughly endorse the principles behind the functions of such an organization. I do so because this is one method by which people can control their own financial investments. One principle in respect of credit unions is that a member has one vote regardless of the number of shares he may own. An individual member has only one vote regardless of whether he owns ten times as many shares as another member. This is in direct conflict to the principle which has been accepted by companies incorporated under the Loan Companies Act. To put it clearly, if an individual owns 100 shares in the League Savings and Mortgage Company he would have 100 votes whereas an individual who owns a thousand shares in a credit union would have only one vote, not 1,000 votes. There is this important difference between these two types of organization.

I hope this conflict will be cleared up by the sponsor of this bill before we complete this stage of our consideration. That hon. member did a very good job of explaining the purposes of this bill at the time he introduced it. He outlined the background of this proposed corporation. Inasmuch as the League Savings and Mortgage Company has been founded by a credit union movement in Nova Scotia, and inasmuch as it is in essence an extension of a credit union's financial operations, owned, directed and controlled by members of a credit union, hon. members of this committee are well advised to take some step to ensure that this company will be of benefit to the credit union movement. Any step which can be taken by this parliament to strengthen the credit union movement is a worthwhile step.

There is a very serious conflict between the philosophies of the credit union movement and companies operated on the basis of individual control.

• (6:10 p.m.)

The credit union movement has apparently found this to be the only mechanism they can use to reach the end which they desire. This is an effort to put together two philosophies which run counter to each other. On the one hand, we are seeking to give effect to the desire of the credit union movement to enlarge its activities into the savings and mortgage field, and on the other we desire to give effect to the principle of ownership and control which is contained within the credit union movement. However, we are doing this by superimposing another requirement, that of financially based ownership. With all due respect to the hon. member who is sponsoring the bill and with sympathy and understanding for the credit union movement, I submit that the committee should not be content simply to pass the bill because it seems to be a good idea. We should take a look into the future and plan some steps to guarantee and protect the rights of the credit union people by ensuring that the League Savings and Mortgage Company shall always act in accordance with the credit union philosophy and principles.

Of course we would be much better off in this regard if we had on the statute books some credit union legislation under which groups such as this one could operate. We should have a federal credit union law which would assist credit unions in joining their resources together so as to expand beyond the bounds of the individual credit union and encompass other fields of financing, which is not now possible with the limited resources which a small, community based, credit union might have.

Over the years it has been the hope of many of us that the parliament of Canada some day would get around to drafting legislation in the credit union field. If we had such legislation it would then be possible for the League Savings and Mortgage Company to apply for incorporation in this fashion and to apply for the expansion of the credit union movement for

the purposes desired by this particular company. I should like to make reference to clause 7 of the bill even though we have not yet reached that clause. The powers and limitations of the incorporating act of the League Savings and Mortgage Company would then read as follows:

> The company has all the powers, privileges and immunities conferred by, and is subject to all the limitations, liabilities and provisions of the credit unions act of Canada.

This would be a far more desirable way of approaching this matter. To my knowledge, this is the first time that a group of credit unions has desired to embark on this type of project, and I hope it will not be the last time. I hope that other credit unions, even in the absence of a beneficial credit union law relating to them, will see the advantages which might come from this sort of incorporation. I hope that the government will recognize that something has been taking place in the credit union movement to which it should have given some thought several years ago.

I hope the government will take the course of drafting a federal credit unions act to enable credit unions all across the nation to expand rightfully and correctly into the fields of mortgage lending for housing developments, for individual home ownership, for investment for the expansion of credit union plans, and for the expansion of loans to co-operatives. The co-operatives have a comparable philosophy, except that they deal in the field of production and distribution rather than in financing.

I would strongly urge the government to appoint one of its ministers who may not have much to do—and there are many like that—to oversee the question of federal credit union legislation. He could, in consultation with the credit union movement, start drafting a federal credit unions act so that we might have in the near future some guiding legislation of which this parliament would approve for the advancement of the philosophy according to which human beings who own, control and direct their own means of production, distribution and, in this instance, financing, are far better off.

In the past the parliament of Canada has never hesitated to come to the aid of the free enterprise section of the economy by means of protective legislation. The company now under consideration is being incorporated under the Loan Companies Act, a law which was conceived by the government and passed by parliament. It is designed to enhance the position of the free enterprise section of the economy in the field of loans. We have the Companies Act, the Small Loans Act and a variety of other public laws which are designed to increase the position of the money interests. I submit that the time is overdue for the enactment of legislation which would enhance the position of the individual in the society.

A door is being opened to us and a group of credit unions is coming to parliament and saying: "Let us incorporate in this way because it is the only way in which we can do it. In this way we are giving to you an indication that federal legislation is lacking in the field of credit unions". I hope that the government will take cognizance of that fact, and take a serious look at it.

I take note of the fact that only one minister of the crown is present in the house this evening, namely the associate minister of defence. I notice that he is listening attentively, and I hope with approval, to what I am saying. I do not know the extent of his duties in the department of defence, or what his position will be when the forces are unified. Perhaps there will be an integration at the ministerial level also, and he will find himself out of a job. However, he is the only minister present this evening and this is commendable. He is listening to the debate, not necessarily because I am taking part in it right now but because the house is considering a certain matter. Knowing his sympathies for the rights of the individual and his desire to preserve those fundamental rights and freedoms, and particularly knowing there is perhaps a stronger belief in those rights in his province than in other parts of Canada, I am sure that he will immediately see the advantage that will accrue to human beings if this government enacts laws to protect the rights of the individual in the financial world. This is all the credit union movement is looking to. They have struggled against insurmountable odds up to now, working against the massive co-operative bulwark of the banking and insurance institutions of this nation which wanted to crush the credit union movement. They could see that it was a threat to the position of banking institutions in society to sell the concept of an individual controlling the means of financing his own needs. The government should recognize this, too, and take this necessary step.

• (6:20 p.m.)

I know that we cannot extract an answer from the minister at this stage. It is not a matter of estimates that are being considered. The minister may not feel he is in a position to make any commitment on behalf of the

government. But if he would indicate that the proposals we are advancing will receive consideration and study, then I think this would be of advantage and would be lauded by the credit union movement in this nation as at least a start on something which is long overdue.

This, however, comes within the field of public law. I should like to hear, as I am sure other hon. members would, from the sponsor of the bill as to what guarantees might exist or be developed to ensure that this company remains an arm of the credit union movement. We would like to ensure that it is not likely to end up in the hands of the financial interests of this nation, which would love to get control of the finances of credit union members.

Mr. MacEwan: Mr. Chairman, I realize the concern which is voiced by the hon. member for Skeena, a concern which he brought forward on second reading of the bill. The bill was referred to the finance committee and at that time was given a thorough going over. Many interesting questions were asked along the lines suggested by the hon. member.

The managing director of the Nova Scotia Credit Union League, Mr. Rod MacMullin, appeared as a witness, and so did legal counsel. The situation is that the initial shares of this company will be held by the individual credit unions throughout the province of Nova Scotia and their individual members. The transfer of shares will be limited to credit unions and credit union members in the province through the by-laws; the by-laws will specifically state this.

In answer to a question Mr. MacMullin stated that the by-laws had not as yet been made up but were being drafted. He said that by way of the by-laws the transfer of shares would be limited to ensure this company would remain in the hands of the various credit unions making up the Nova Scotia Credit Union League, and as a result the shareholders would be the credit unions themselves and their members. As far as the number of shares in the company was concerned, this would be a matter of internal arrangement in the Nova Scotia Credit Union League.

Another thing Mr. MacMullin said was that he thought the annual meeting of this company, if incorporated, would be held at the same time as the Nova Scotia Credit Union League held its annual meeting. In this way those who would be attending the annual meeting of the credit union league would also be attending the annual meeting of the League Savings and Mortgage Company.

I thought I should put that on the record, because the hon. member stated that the proceedings of the committee might not be printed for some time. As I say, I am speaking from my recollection of the evidence, but I think that is what the witness MacMullin stated.

Mr. Barnett: Mr. Chairman, would the hon. member tell the committee who are the people listed as the provincial directors and their connection with the credit union movement in Nova Scotia? I notice they are listed by their full-time occupations, and I think that this information might be of interest.

Mr. MacEwan: One is a clergyman, Rev. John Donald Nelson MacDonald. He was one of the originators of the Nova Scotia Credit Union League. Then, there is Roderick Gregory MacMullin, an electrician. Another is a policeman in the city of Halifax, Mr. Wrin. There is Mr. Cujes, a college professor of Antigonish. Mr. MacDonald, the clergyman, is from the village of Middle Musquodoboit and, as I say, was one of the original incorporators of the Nova Scotia Credit Union League. Then there is Mr. MacKinnon, an electrician, from Sydney. I am not personally acquainted with these gentlemen, but I do know of the work of Rev. MacDonald.

Mr. Howard: May I ask this question of the sponsor of the bill. The by-laws of League Savings and Mortgage Company will confine the issuance and the transfer of shares to credit unions and credit union members. It seems to me that this is a matter which should be spelled out in the law itself. Parliament has the responsibility of preserving a certain situation here. By-laws, of course, can be changed from time to time. While I am not suggesting that this will be the case, we do know that things which are done at one time are often undone at some other time. Often times matters develop which originally were not conceived possible.

I wonder whether the hon. member for Pictou could say whether any thought has been given to placing a provision in the bill which would outline the intent of the by-laws. In other words, let us make it the law of Canada. If this company is incorporated, such act will become the law of Canada; and I suggest it should also be the law of Canada which must confine the operation, ownership and transfer of these shares to the credit unions and credit union members. Has any thought been given to this?

Mr. MacEwan: This matter was referred to the parliamentary agent and also dealt with

extensively by the managing director, Mr. MacMullin. The legal advice was that this would probably be unnecessary and this limiting could be done just as well by way of by-laws.

Mr. Barnett: Mr. Chairman, the last words uttered by the sponsor of the bill add some weight to the remarks made earlier by the hon. member for Skeena about the need for what I would term a federal co-operative charter for Canada, of which appropriate credit union legislation would be an important segment.

• (6:30 p.m.)

If my recollection is correct, years ago in this country in the insurance field there were organized what at the time were called mutual insurance companies. According to my information they were orginally organized in rural areas of Ontario. They were closely related to what today are known as co-operatives, or credit unions. They were set up under legislation with the idea that their policyholders would be shareholders. They were to be organizations democratically run, comparable and similar to credit unions being operated in the various provinces of Canada that already had credit unions.

Over a period of time, because of the legislation they were incoporated under, the effective control of these organizations passed out of the hands of the original organizers. The companies became companies controlled by minority blocks of shareholders, that is in numbers of people controlling the companies. Many of the older insurance companies, some of them still operating in Canada today and carrying the mutual label, have long since ceased to come within the real meaning of that term.

I share the concern of the hon. member for Skeena that this should not happen to organizations such as this, because this body is obviously being put forward as a bona fide body by the credit union movement of Nova Scotia. I am sorry that we have not the full printed proceedings of the committee before us when we are considering this bill, but I thank the hon. member for Pictou for having given a summary of the representations made to the committee by the credit union people from Nova Scotia. I thank him for the information he gave of the background of this bill at the second reading stage.

This bill, I believe, is another example of the sort of limitation placed on the growth of organizations like credit unions because of the lack of appropriate legislation. We take great pride in this country in our democratic process, that every citizen of the country considered adult and in his right mind, who has not been incarcerated for a criminal offence, has the right of the franchise. We make a great deal of one vote for every citizen, and that in our election process all citizens are equal in determining what eventually takes place in our representative institutions of parliament and the legislatures of the country. In spite of our pride in this political democracy, we effectively deny to the people who want to build an economic democracy the necessary machinery by which they can do this. In my view the terms of this bill show how difficult it is for people like the credit unionists of Nova Scotia to set up this kind of financial institution in a way that will make it clear to all the world that it is what it is. I am sure the credit unionists of Nova Scotia are proud they are taking this step. I am sure they have not changed much from what they were a few years ago, when I had the opportunity as a member of a committee to listen to a presentation on another matter by a credit union spokesman from that province.

At a cursory glance this bill seems no different from 101 other bills incorporating mortgage or finance companies across this country. This appears to be an ordinary company governed by the same principles, as the hon. member for Skeena says, that govern people in other companies wielding a big economic stick. It is unfortunate that this kind of mechanism has to be used for such an organization to be incorporated. Members of parliament ought to do something about this. A few years ago, in another field of the co-operative movement in Canada, the desires of co-operaters to develop insurance institutions in accordance with the principles of economic democracy were denied because of the lack of appropriate general federal legislation. It was impossible for them, within the framework of existing federal law, to ensure that economic democracy would prevail through the normal democratic principle of delegated representation at annual meetings.

I am happy to see this bill coming forward. I participated in the credit union in my home town. I saw that credit union grow from a small organization to one which now has several branches owning two or three nice buildings. It has a full time staff and is a successful business enterprise. It still retains the principles of economic democracy in its functioning. The credit union movement in my province has become an important factor, as a financial institution, within the province. That is true of individual credit unions and of the credit unions collectively, coming under such bodies

as the credit union league and the central credit union of the province.

For a long time the credit union movement in British Columbia operated with inadequate provincial legislation. The attempts made—and this, I suggest, will happen in Nova Scotia—to provide services that people needed where there was a need for lending funds, were hampered by lack of provincial legislation to make this possible.

I am happy to say forward steps have been taken in recognizing the growing place of credit unions. Those steps have been taken within the framework of provincial legislation, and our central credit union now operates, as I understand it, within reasonably satisfactory provincial legislation. I assume the same process is taking place within provincial fields of legislation in some of the other provinces of Canada.

• (6:40 p.m.)

I had an interesting discussion with a person from the province of Quebec who is associated with the provincial department of co-operatives. He told me something of his work in helping to expand and make more attractive the operations of the credit union movement within that province. We in this parliament can no longer afford to ignore the credit unions and the co-operatives of Canada. As far as the parliament of Canada is concerned, such organizations do not even exist. Those of the type before us now demonstrate that quite well.

I support the passing of this bill with some reluctance. I do so because this appears to be the only legislative mechanism which is open to us at the present time. And I do so with some regret, because this is an important area of the activities of this parliament which has been ignored for too long. Ever since I became a member of the house, this question has been regarded as one which must eventually be dealt with. Yet no effective proposal has come forward from the treasury benches. It is time some concrete proposal was placed before parliament for consideration.

The mere fact that this bill is before us in its present form is, to me, sufficient demonstration of the great gap in our concept of what is required. There are acts galore having to do with the incorporation of private companies of one kind or another. It is about time that we who like to boast about political democracy took steps to make it possible for those Canadians who want economic democracy to develop more easily the institutions in which they believe and which would be of advantage to them.

I wish to thank the sponsor of the bill for the way in which he has provided information to the house and to the committee on the background of this measure, and I wish those who are interested in it every success in their endeavours.

Mr. Langlois (Mégantic): I gladly give my support to this Bill, No. S-30, sponsored by the hon. member for Pictou, although I have some reservations about its possible effects.

I will admit that credit unions have been doing good work in all the provinces in which they are operating, particularly in the province of Quebec. In fact, the credit unions are about the only source of loans for housing projects, nowadays, at reasonable rates of interest. The rates vary; there is no strict uniformity about them, and this is because there is, so far, no overall plan covering a whole province. If there were such a plan, it might lead to the establishment of one rate, across the board, for everyone interested in borrowing, whether he lived in one corner of a province or another, or whether the credit union which dealt with this business was big or small.

What is the present situation? In my own province at the present time I think we have the only credit union or financial institution which is making mortgage loans at a rate of interest below six per cent—I cannot give the exact rate, but it is something about five per cent.

To make such a rate possible at the present time, the administration is bound to be fantastically good. Even the Central Mortgage and Housing Corporation lends at 7¼ per cent, I believe, and that is supposed to be a decent rate of interest in present circumstances.

I had the opportunity to purchase some property not very long ago. I was informed that the rate of interest on a loan would be 8 per cent. This was the rate charged by an insurance company which a year and a half ago had lent money at seven per cent. The rates are capable of some alteration. Some people can get loans at 7½ per cent, possibly on better security. But I have said enough to indicate the interest rates which are charged generally on mortgage loans today.

One particular credit union in Thetford Mines, in my own constituency, is lending money at an interest rate of less than 6 per cent. All I can do is take off my hat and say: congratulations on a marvellous achievement. It is possible that a plan for integration involving the pooling of capital resources such

as this bill provides will permit lending to be carried out on a greater scale. But I very much doubt whether such low interest rates as I have mentioned could be maintained in the future.

Consider the rate of less than 6 per cent to which I have just referred. I venture to suppose that this is the lowest rate in the entire country. But if there were an overall plan of the kind which is now proposed, I do not think it could be maintained at its present figure. Of course, what is to the disadvantage of one particular region might well be to the advantage of another. However this may be, I firmly believe that this bill, if passed, would not result in interest rates higher than the general level of interest rates which now prevails.

• (6:50 p.m.)

Private insurance companies are lending money at up to 8 per cent. The Central Mortgage and Housing Corporation rate is 7¼ per cent, and I do not think the rate to be charged by this company will be that high. I hope it will be below that. I do not know all the particulars about the financial state of credit unions in Nova Scotia, but I do think the government should give consideration to allowing the near banks and credit unions greater latitude. At present they are obliged to retain 50 per cent of their deposits on reserve. The big financial institutions in the country do not have the same limitation, but still they operate an efficient system.

In my home town one operation has been able to retain the interest rate on mortgages at a little over 5 per cent. I would think other financial institutions in the country would find it hard to match this record.

This bill has one good provision in that it keeps family affairs out of the business. I am talking about credit unions which make loans to the relatives of the people running them, and after loans have been given to all the brothers-in-law, fathers-in-law and sons-in-law, there is no money available for anybody else to borrow. Some people have a large number of relatives. It is something that is discovered when one checks one's Christmas list. But in the situation which we are discussing, I do not think any one individual would have a big enough family to cover the whole province. I could give specific examples where the public turned their back on credit unions simply because they discovered all the money was going to relatives.

I hope the effect of this bill will retain the interest rate at a level which the borrower can pay when he needs money for housing and similar projects. Having balanced the arguments both against and in favour of it, I think this bill will be of benefit to Nova Scotia, and possibly to other provinces, so far as credit unions are concerned.

Clause agreed to.

Clauses 2 to 4 inclusive, agreed to.

On clause 5—*Amount to be subscribed and paid before commencement.*

Mr. Peters: Having been a member of a number of credit unions, Mr. Chairman, I wish to say I believe the people of Nova Scotia should be congratulated on this type of legislation. I hope the sponsor of the bill will tell the principals of this company that it is our desire they continue the development they have made in the past of the credit union movement in Nova Scotia and of the league itself. It is now moving into the mortgage loan field, and I hope these people will continue to press for national legislation which would allow the credit union movement to establish a national co-operative in the financial field. Then, all credit unions across Canada, instead of putting their money into an international organization, would be able to participate in a truly national lending agency capable of making loans to individuals on the basis of their background and personality, and not solely their wealth.

Clause agreed to.

Clause 6 agreed to.

On clause 7—*Powers and limitations.*

Mr. Howard: Mr. Chairman, at some time in the near future I think the house would appreciate a declaration from the government about its intentions with respect to federal credit union legislation. We have discussed this matter earlier in the proceedings related to this bill. I do not expect an answer right now from the two ministers present, but I wish they would consult with their colleagues and see that a statement is made some day on motions.

Mr. Pickersgill: In answer to the hon. gentleman's very reasonable question, I may say I know this matter is receiving the consideration of the Minister of Finance.

Clause agreed to.

Preamble agreed to.

Title agreed to.

Bill reported, read the third time and passed.

Mr. Deputy Speaker: The hour appointed for the consideration of private members' business has now expired.

BUSINESS OF THE HOUSE

MOTION TO EXTEND HOURS OF SITTING

Mr. Pickersgill: Mr. Speaker, before you leave the chair I move, seconded by the Minister of National Health and Welfare (Mr. MacEachen), pursuant to standing order 6(2) that the house continue to sit after 10 o'clock p.m.

Mr. Deputy Speaker: It is moved by the Minister of Transport (Mr. Pickersgill), pursuant to standing order 6(2) that the house continue to sit after 10 o'clock p.m.

Mr. Howard: I will have to object to that, Mr. Speaker.

Mr. Deputy Speaker: Pursuant to standing order 6(2) I must ask those objecting to please rise.

And eight members having risen:

Mr. Deputy Speaker: There being less than ten members objecting, the motion is deemed to have been carried.

Mr. Peters: Mr. Speaker, is it not in keeping with our rules that no votes are to be taken between the hours of six and eight o'clock?

Mr. Deputy Speaker: I would point out to the hon. member that under the standing order no debate or formal vote shall be held. The house will now proceed to the consideration of the business that was interrupted at six o'clock.

• (7:00 p.m.)

Mr. Langlois (Mégantic): Mr. Speaker, I might agree that there is no debate but there might very well be a point of order. I think the hon. member for Skeena brought up a point of order.

Mr. Deputy Speaker: Order. Fewer than ten members having risen, the order was deemed to have been carried according to provisional standing order 6(2).

Mr. Langlois (Mégantic): If a vote was not supposed to be taken, I would suggest that it was not valid. I should like to have the opinion of the Chair on that.

Mr. Deputy Speaker: I might refer the hon. member to standing order 6(2) at page 4 of the provisional standing orders:

> A motion that the house continue to sit after the hour specified in section (1) may be made at any time without notice. If any member objects to the motion, Mr. Speaker shall request those members who object to rise in their places—

May I interject here to say that this is the procedure the Chair adopted.

> —and if ten or more members then rise, the question shall not be put on the motion. If no member objects or if fewer than ten members rise in their places, the motion shall be deemed to be carried.

Fewer than ten members stood in their places and therefore according to standing order 6(2) the Chair must consider the motion carried.

Mr. Peters: Mr. Speaker, if you continue to read you will find the following in standing order 6(3):

> If any member objects to the taking of a vote at any time between 1 o'clock p.m. and 2.30 o'clock p.m. or between 6 o'clock p.m. and 8 o'clock p.m.—

Mr. Deputy Speaker: Order, please. Perhaps I should carry on and read the full standing order:

> No debate or formal vote shall be held on such a motion to extend a sitting.

If no formal vote is to be held, then I suggest to the hon. member for Timiskaming that standing order 6(3) does not apply. The house will now resume the business which was interrupted at six o'clock.

OLD AGE SECURITY ACT AMENDMENT

PROVISION OF GUARANTEED INCOME SUPPLEMENT AND DETERMINATION OF PENSIONERS' INCOMES

The house resumed consideration in committee of Bill No. C-251 to amend the Old Age Security Act—Mr. MacEachen—Mr. Batten in the chair.

On clause 1—*Definitions.*

The Chairman: The hon. member for Saint-Hyacinthe-Bagot.

[*Translation*]

Mr. Ricard: Mr. Chairman, this afternoon we heard members of this house ask the minister to state his position with regard to section 94A of the B.N.A. Act.

Far be it from me and previous speakers also, I think, to take up the time of the house only for the sake of it. The meaning of section 94A is of vital importance and it is extremely important that the position of the minister and, therefore, of the government, should be clearly defined.

As I said earlier, we are not seeking to prevent the passage of Bill No. C-251, but it is clearly the duty of members of the house to ask the minister to clearly state his position.

As Quebec members, I feel it is in our interest to know the minister's intentions. If we insist, it is because the interpretation given to section 94A could give rise to some disagreement, misunderstanding or even legal disputes prejudicial to mutual understanding and unity in the country. That is why, when I spoke on Tuesday, December 13, as reported on page 11061 of *Hansard*, I asked the minister as plainly as possible how he understood section 94A or what position he intended to take in that connection. After quoting section 94A, I put a few questions to the minister that I should like to repeat now. I said, among other things:

It is impossible to ignore the wishes of any Canadian province—

Mr. Chairman, as you know the government of the province of Quebec, through its premier, Hon. Daniel Johnson, has expressed its intention of invading the field of old age pension. Section 94A gives him that right and when we ask the minister to establish his position, we merely wish to prevent any difficulty.

Later on I said:

I therefore ask him not to miss the opportunity to make his positions known, because if this is not done, there may be . . . between the two levels of government a misunderstanding.

I repeat this same warning today and I add, Mr. Chairman, that I can hardly understand and interpret the attitude of the Liberal members of the province of Quebec. Throughout the speeches made on this side of the house this afternoon, the members on the other side of the house gave us the impression that they were losing patience and that they were feeling ill at ease about our remarks. And we repeat over again for the hon. member for Saint-Henri, that we do not intend to resort to a filibuster or make trouble for the government, we merely wish to establish clearly our respective positions. This is our only intention.

• (7:10 p.m.)

And from my seat in the house, I had the opportunity to notice this afternoon a conversation going on between the Minister of National Health and Welfare (Mr. MacEachen) and the Associate Minister of National Defence (Mr. Cadieux) which lasted a good while during the speech of one of my colleagues. I thought that the Associate Minister of National Defence seemed worried.

Mr. Chairman, the continual refusal and obstination of the hon. Minister of National Health and Welfare with regard to establishing his position certainly puts the Liberal members from the province of Quebec in a difficult situation. They cannot but realize that one day they will have to account for their vote on this question. They will not be able to step back every time or to justify their position, as they did for example at the time of their vote on the second flag and when they voted in favour of nuclear weapons. The people of the province of Quebec will not stand for the Liberal members from their province refusing much longer to assume their responsibilities here in the House of Commons.

This is why I should like the minister—and that is all I ask of him—to answer our questions and let the hon. premier of the province of Quebec know what his position will be with regard to section 94A of the British North America Act.

The statement of the hon. premier of the province of Quebec was quite clear. He said that nothing would stop him, which means that he could even resort to double taxation. I do not think double taxation would be in the public interest. If the hon. minister will not state his position clearly, I would like my Liberal colleagues from the province of Quebec to let us know at least what will be their attitude and their reaction with regard to double taxation. One must remember, Mr. Chairman, that the premier of the province of Quebec has the support of the liberal opposition in Quebec. The leader of the opposition himself, Mr. Jean Lesage, said he was supporting the principle set forth by the premier of the province of Quebec. In this matter, he was supported by the former minister of municipal affairs (Mr. Laporte) and he even has in this house a member supporting him, namely the hon. member for Lotbinière (Mr. Choquette) who has also declared himself in favour of the principle under which old age pensions should be administered by the government of the province of Quebec. Will the minister keep on turning a deaf ear? Will he persist in his stringent attitude, in his arrogance? I am sorry to use this word, since I have a great deal of esteem for the hon. Minister of National Health and Welfare and I would not like him to be looked upon on account of the position he has taken until now, as an anti-Quebecker, an anti-French Canadian.

And I allow myself to give him an advice, if he will allow me. He is still in the prime of life, great hopes are being placed upon him by the people, by his party, and I would not like him to commit political hara-kiri.

Some hon. Members: Oh, oh.

Mr. Ricard: Mr. Chairman, it is always the same thing, you hear noise on the other side of the house, only noise, they have not enough courage, those gentlemen on the other side of the house to rise and express their own opinions. Interruptions, unusual noises, nothing else but that. Let them rise and answer with courage. All we are trying to do, on this side, is to lay sound foundations for mutual understanding, perfect understanding—

Mr. Boulanger: Will the hon. member permit me a question?

Mr. Ricard: —between the different governments. I will hear the speech, the "maiden speech" of the hon. member when I am through. I am very anxious to hear it, since this house has not heard his voice yet. You may be sure I will give him this opportunity in a few minutes, but I would like to pursue the few remarks I have to make. I add that the Liberal party, which during seven years, Mr. Chairman, caused the older people in the province of Quebec to lose their old age pensions, certainly has much to do so that people may forget its past turpitudes.

Mr. Chairman, one may recall that when premier Taschereau was in office, he refused over seven years to accept old age pensions because they came from the federal government. Today, we can understand that the Grits are attempting to have us forget the huge disadvantage they imposed on the Quebec population, and so they would like to create the feeling that they are innovating, that they are the initiators of the whole social legislation.

Some hon. Members: That is true, that is true.

Mr. Ricard: Well, you see, Mr. Chairman, these people are so confident in the strength of the opposition that they blame us for not having taken some steps while we were in the opposition. However, if we think it over, we could not bring in social legislation while we were in the opposition. On the other hand, you will recall, Mr. Chairman, that when we came into power in 1957, we immediately increased the old age pensions, what the "six-buck boys" on the other side of the house had kept putting off indefinitely.

Every time an increase in old age pensions is contemplated, members on the other side of the house say: "This would cost too much; we cannot do that." The Secretary of State for External Affairs (Mr. Martin) said today, in answer to a letter from the council of a city in his riding that the government at the time could not afford to increase old age pensions. The present minister, in 1966, still puts forward the burden of cost and, in the same breath, says that he wants to extend to all the population the benefits of an increase in the old age pension.

• (7:20 p.m.)

Mr. Pickersgill: A question, please?

Mr. Ricard: When I am finished, Mr. Chairman.

Some hon. Members: Sit down.

Mr. Ricard: I would like to repeat it. When a Conservative member of the province of Quebec rises, the Liberal members who always call for national unity, are the first—

Mr. Habel: They are your colleagues.

Mr. Ricard: —to shout: "Sit down, shut up", or things of that sort. They lack breeding, Mr. Chairman.

I deplore it with you, Mr. Chairman, for it would never cross your mind to speak in such fashion to your friends across the way.

But it would seem that there sits on the other side of the house a certain class of people somewhat lacking in manners. The best advice I can give them, I think, is to mind their manners, and to learn how to behave. Their behaviour is not worthy of people appointed to represent a riding in the House of commons.

Mr. Chairman, I bring my remarks to a close, in a hubbub of interruptions, like those of the member for Saint-Henri—that is about as much as we have heard from him in the course of his whole political career—

Mr. Lessard: It is still better than the speech you have just made.

Mr. Ricard: Those interruptions do not scare me and do not make me lose my bearings. I have seen far worse. If that is all he can do, interrupt as he does, he should at least spare the house a spectacle hardly worthy of a member of parliament.

Mr. Chairman, in closing I say again to the minister that he must explain his position clearly on Section 94A to the province of Quebec and to the other provinces.

Mr. Éthier: It is in the bill.

Mr. Ricard: Another one has just proved that he understands absolutely nothing about what goes on here. I shall identify him: that was the member for Glengarry-Prescott (Mr. Éthier).

The minister owes it to the House of Commons and to the province of Quebec to make clear his positions and the positions of the government in this regard. It would be a pity if, through the stubbornness of a government, double taxation had to be implemented in Quebec and the other provinces that will ask for fiscal compensation. We have a duty to save the people from double taxation.

Mr. Éthier: Johnson.

Mr. Ricard: I hear the hon. member for Glengarry-Prescott saying "Johnson". The government of the province of Quebec has rights and it asks, through its premier, hon. Mr. Johnson, that its rights be respected. We are entitled to retrieve our rights. And when Liberal members, as little knowledgeable as the hon. member for Glengarry-Prescott, try to filibuster, well, I say to them that they do not face up to their responsibilities because they do not know what it is to be a member of parliament, and that it is better for them to remain in their seats.

Mr. Chairman, I again appeal to the minister and say to him: please, do not just sit there, for you will do the province of Quebec and Canada a disservice. You will be responsible for increasingly weakening Canadian unity should you remain adamant in your present attitude. Now that the premier of Quebec has made his position known, you ought to make your own position clear immediately, so as to prevent any possible misunderstanding.

Mr. Boulanger: Mr. Chairman, may I put a question to the hon. member?

Mr. Ricard: Yes, by all means.

Mr. Boulanger: Mr. Chairman, since the hon. member supported his argument by referring several times to section 94A and since he also mentioned that when his party was in office in 1957 it increased pensions by $20, could he tell us whether he had then the same opinion regarding section 94A of the constitution as he has now?

Mr. Ricard: Mr. Chairman, reviving the past will not change one iota in the bill before us. This legislation should be put through as expeditiously as possible, but not by encroaching upon the rights of a province, and that is the point on which I want to draw the minister's attention.

Mr. Mongrain: Would the hon. member permit a question? If the hon. member wants to be consistent, would he advise the senior citizens of his riding, after this legislation is passed, to return their cheques, because they will be coming from Ottawa and that will be unconstitutional?

Mr. Ricard: Mr. Chairman, I wonder why the member for Trois-Rivières does not associate himself with those on the opposite side, since he really belongs there.

If the hon. member had followed my line of reasoning, he would have had no grounds to ask this question; as a matter of fact, I said again and again that the needs of our senior citizens are pressing, that we ought to do everything in our power to increase their pensions, but not at the expense of our most precious rights.

Mr. Mongrain: Mr. Chairman, with your leave, I would like to rise on a question of privilege on grounds that may seem more or less sufficient. The hon. member is being helpful to me when he recommends that I sit on the Liberal side. I thank him for his kindness; however, I should like to be the one who decides what position I shall take here; I do not want to abuse of the hon. member's good nature to the point of asking him to decide for me.

[*English*]

Mr. Rynard: Mr. Chairman, after listening to all the speeches this afternoon and on looking at this bill I am concerned about the legislative jungle into which we may be getting. I think there are a few principles which we have not yet considered. It has been stressed before that approximately 7 per cent of our population consists of people 65 years of age and over. In another 10 years this figure may go up to 10 per cent and it is quite possible that the rate of increase will rise more rapidly. I should like to make a point regarding taxation. If a tenth of our population becomes unproductive at the age of 65 they will increase the ranks of the unemployed but will still be consumers. This will put a big load on the younger generation, the wage earners of this country, and will create an imbalance in our economy. I think that in the future the trend should be to encourage these people to work beyond the age of 65 and to continue their productive years. I do not see why there should be an arbitrary age of 65

at which they should stop working. Some years ago the idea was prevalent that because of biological aging it was necessary to set a limit at which a person should stop working. Let us face facts. In 1900 the average age span of a person was 40 years but today, in 1966, the span of life extends to 70 years.

I submit that this fact should be seriously considered. The government says that it is short of money. I do not exactly agree with this but if it is so I think it is largely due to bad housekeeping. However, I will not go into that topic at the present time. The fact of the matter is that we have a growing aged population. Half the population of Canada is 25 years of age or under and in a decade the dividing line may be at the age of 35. There is no reason to doubt that as medical science progresses people could live to be 100. As a matter of fact, there is one place in the U.S.S.R. where research work is being done in the field of longevity. Their research has shown that people live to the age of 100 and are still able to continue productive work and to all intents and purposes are perfectly healthy. I do not know whether this fact has been authenticated but according to the reports of these scientists some people in that area live to the age of 125. This is a matter the house must consider because we are getting into a legislative jungle as far as the provinces are concerned. This is why, as the minister said, it would have been so much simpler to give the pensioners $100 a month across the board. Why didn't he?

• (7:30 p.m.)

As I have said before, we have an aging population and in this regard I should like to give an illustration of the economics involved to the committee. A friend of mine who had earned good money all his life retired on a pension of a little better than $15,000 a year. He had to quit work because of an arbitrary rule of retirement at 65. He laid around for a few months, visited here and there and finally got tired and accepted another post at $25,000 a year. Three years ago he was still holding down that position. He is paying tax on $40,000 in the United States where he lives. Why in the world tax a similar case in Canada on $25 a month? This is the point I am trying to make.

Let me look at the other side of the coin. What happens to people when they are prevented from working? If we look at the statistics and believe the medical scientists, geriatric societies and schools of medicine, people deteriorate when they stop working. It not only shortens their lives but can make them bed patients or put them into a home. This is something all of are concerned about because very soon we too will be old. So this legislation is of great concern to us now and to the people who will follow us.

Compulsory retirement at age 65 solves nothing; it just creates problems. As the population increases productivity must increase because the people must be fed and looked after. This puts us on the horns of a dilemma. People who are taken out of production are still consumers so this puts a greater burden on the workers. I suggest that the financial burden placed on the people of carrying an increasing number of older citizens would be intolerable, with the life span increasing as it is today, if everyone stopped working at age 65. Therefore it follows that we must utilize to the utmost the productive efforts of our older people.

I have an interesting article before me which states that some companies and many individuals know that compulsory retirement is often the wrong answer to just one of the challenges which are presented to business. A compulsory retirement plan allows a company tactfully to unload those it no longer needs but it also prevents companies retaining people they want to keep. The article asks whether the Canadian National Railways, for example, really wanted to lose Donald Gordon. Donald Gordon could hold his place with anyone on the board but, though able, he had to retire. I have indicated how this sort of thing affects the economy. I suggest any principle which taxes elderly people who are working on an extra $25 a month is wrong.

Let me now come to the little people who belong to the labouring class, the sort of people who do not work for corporations, people who are now 65 or over. I am referring to the kind of people who have not worked in factories or in other organizations from which they receive a pension. They have never earned a lot of money. They have little or no income. There are about 150,000 of these people across Canada. Approximately another 475,000 have incomes of $1,000 or less. These are the marginal workers who have to do gardening or caretaking, and the ladies do babysitting. These are jobs they badly need.

Let me illustrate my point with an actual case. I know a man who is a gardener. He cuts the lawns of a property owned by a busy executive and looks after the flowers. He earns around $700 a year. He is a nice man who never had much education; I do not think

he got beyond second grade. But he does do a good job. He has an old car that he drives to and from his work. In the fall he covers up the plants and fixes everything up for the winter. As soon as spring comes and the ground is ready he tends the gardens and lawns for the rest of the season. He requires overalls, heavy boots and work shirts as well as a few tools.

Another case in point is that of a lady who babysits for three families when required. She does a little sewing. She really does not know what she earns but thinks it is somewhere in the neighbourhood of $600 to $800. She has never kept any books. She requires a few extra clothes, coats and overshoes for her work.

Both of these people are in the marginal labouring class and have had little education but are people to whom we owe a great deal. Many were born before 1900. What will these people be forced into if the minister's guaranteed income plan is put into effect? They are going to sit on the porch in the summer and deteriorate, and they will watch television in the winter. The man will do no gardening, and there are not too many others to replace him. Financially these two people will lose $25 to $30 a month by not working, but the man would have to spend more than this on his car, his clothes and his tools. Therefore he cannot afford to work. This man will be faced with deterioration, probably mentally as well as physically, and I do not think this is right. His incentive will have gone.

• (7:40 p.m.)

But this is not all, Mr. Chairman. Instead of encouraging him the government is discouraging him. It will destroy him. Idleness and boredom will lead to illness and soon he will go either to a nursing home or to a hospital. He will degenerate physically and mentally, and the government will have created but one more problem. It will have taken people out of their homes where they were self-sustaining and sent them to a nursing home or to a hospital much sooner than should have been the case. This is the situation that the government is creating. By so doing you remove the productivity of these men and women from the economy. And add to the burden of taxation on the younger people of the country. Make no mistake about that.

The younger people will have to support the institutions and hospitals populated by people who, but for the government's action, might not have been there. People in such institutions will cost millions of dollars in lost productivity and for the care which will have to be given them in these institutions. The aged population must be kept working in the factories and in the fields. In the factories it is mandatory that workers retire at 65. Education and retraining—I know the minister has advanced views on this subject—are needed. We do not need a means test on our senior citizens but we do need education and retraining for our people. That is the course to be followed.

We ought to draw on the skills and experience of our old people. You can be as educated as you like but you only get experience through time, and that is what the government is forgetting in this bill. The older citizens should be kept working. They will be healthier and better adjusted for it and they will be producers as well as consumers. I am disturbed about this bill. I cited some cases to prove my point. Perhaps 100,000 people in Canada are similarly situated, for all I know. The minister does not know about this either. I have spoken of two people I know in one little town. What about similar people in other hon. members' constituencies?

I am disturbed about another thing. What will become of the medical care cards which people will have in the province of Ontario? The minister has taken away one month's salary from these aged people. He has taken away one month through this so-called gift of a guaranteed income of $30 per month. What will happen, Mr. Chairman? Those people will come under the $600 taxable income provision, and that means that they will pay $30 a year for their medical cards. I will not go any farther, but I could have mentioned many other things that are not right about this bill.

In fairness to those people who themselves cannot do anything about the matter, to the marginal workers and those people over 65 in good health who still want to work, who still want to perform a useful service, who still want to add to the productivity of the country, I shall move this amendment to proposed section 8, subsection 1 in clause 3:

That subsection (1) of new section 8 of clause 3 be amended by the addition of the following proviso thereto:

"Provided that no deduction shall be made in the case of a single person having earned less than three hundred and sixty dollars in the preceding year and in the case of a married person, otherwise qualified, having earned less than seven hundred and twenty dollars in the preceding years."

[*Translation*]

Mr. Régimbal: Mr. Chairman, I am sorry to tax the patience of my hon. friends—

The Deputy Chairman: Order. Before the hon. member for Dollard (Mr. Goyer) takes the floor, this—

[*English*]

Mr. Pickersgill: Mr. Chairman, this amendment is not to the clause under consideration.

The Deputy Chairman: That is what I wish to draw to the committee's attention. It is an amendment to subsection (1) of the proposed section 8 of clause 3.

[*Translation*]

Mr. Goyer: Mr. Chairman, we have witnessed today a small marathon in which the handful of French speaking Conservative members who managed to get elected in the province of Quebec vied with each other in trying to amend the Old Age Security Act.

They did not speak about the benefits to be derived from the amendment to this act nor, as did other hon. members of the opposition, about the social philosophy embodied in the bill. They did not, of course, speak about the welfare which will benefit a large part of the needy in the province of Quebec. They neglected the whole social aspect, the whole welfare side of the bill and chose to deal instead with the constitutional aspect.

And it is surprising to see this sudden start on the part of the French speaking Conservative members with respect to the constitution, they who have remained silent I do not know how many times when intrusion by the Conservative government of the time, in fields of provincial jurisdiction, was criticized. This sudden awakening occurs on more than just shifting grounds. In fact, three lines of the speech from the throne delivered in a legislative assembly have caused this sudden awakening. And yet, these three lines are far from a bill. Because of three lines which the government of the province of Quebec inserted in its speech from the throne, at the opening of the session, we suddenly discover this great flurry on the part of the Conservative members who cry out: "Watch out for the constitution," having no knowledge of the implications of those three lines for the future.

• (7:50 p.m.)

And it is that much more surprising to discover this happening immediately after a federal-provincial conference, where all questions were discussed, and during which the government of the province of Quebec never once mentioned that they intended to take over old age pension responsibilities. This unilateral gesture on the part of the provincial government, coming immediately after a federal-provincial conference, is strange. And it is also strange to note that this unilateral action is being taken in a recognized field, within a field of joint jurisdiction and no one here can claim anything to the contrary.

Of course, the priority of jurisdiction can be discussed—and I would not like to discuss it here—but when a joint field of jurisdiction is chosen and a unilateral stand taken after a federal-provincial conference, it appears more clearly that the government of the province of Quebec is bent on picking a quarrel with the federal government and its quarrel rests on very shaky grounds.

It is strange also to see that suddenly a pact, an alliance is struck between the federal Conservative members of the province of Quebec and those of the Union Nationale. That pact is still fragile in view of the remarks made by the premier of Quebec who said that he had no alliance with the Conservatives of the province of Quebec. Therefore, the Conservatives of the province of Quebec are on their knees today before a provincial government which has given only three lines to that matter in the speech from the throne and on their knees before a provincial government which has clearly signified to the Conservative party that it did not want to co-operate with it.

Some hon. Members: Hear, hear.

Mr. Goyer: And the Conservative members nag the Quebeckers, creating a diversion. Why do those Conservative members not ask the government they want to befriend, to deal with their own or joint spheres of jurisdiction? For instance, why do they not ask the Quebec government to take steps to welcome immigrants in the province? That was completely overlooked by the Union Nationale government. Why do those same Conservative members not ask their Quebec friends to take care of housing? That is sadly neglected in Quebec cities, while Ontario has for several years now set the example of a coherent policy.

Some hon. Members: Hear, hear.

Mr. Goyer: And why do those same Conservative members, in another field of joint jurisdiction, not ask their so-called Quebec friends, to busy themselves with research, which is of prime importance if we want to stand our ground in the world instead of dealing haphazardly with the well-being of our people?

Today, research is essential. But we have never heard of a Conservative member for the province of Quebec asking his Quebec friends to deal with it. There are three fields of joint jurisdiction where the Quebec government could work. But let the federal government introduce a bill that can be of benefit to the people of Quebec that can increase the well-being of people whose rights are denied, who are in need, and they rear up, take up the torch and want us to retreat before three words, three lines in the speech from the throne. What a queer bunch of members we have here before us, Mr. Chairman, to fight for the rights of the people of Quebec.

Would those members want us to give up our jurisdiction overnight so that old age pensions might be reduced in Quebec?

Are members not seeking to stir up those who voted for the Union Nationale in Quebec, and this seems to be the case when one witnesses what seems to be a putsch?

Mr. Chairman, what is important to consider at this time concerning old age security is the commitments of the government during this one session. That is what is important, and our friends in the N.D.P. should listen to this, as they have always preached that the social problems should be examined and solved as a total concept and not only within the framework of a matter of social security.

The federal government has announced a social assistance plan which will cost millions. It has had medicare passed, which will cost millions. It has announced a retraining program which will cost millions. All that in one session only. And today, the same government presents an amendment to the old age security act for a $30 increase for those in need.

Those are coherent social policies. But, Mr. Chairman, nobody at this stage can tell the total cost of all those commitments. Only time will tell us how many hundreds of millions of dollars we will have to spend to meet our commitments. In the field of retraining, we will have to train a large number of people because we must make up for time lost. And even more in the field of old age security since under the proposed legislation, those who will qualify for a pension will be able to receive it at 68, 67, 66 and 65 years of age.

Hence, we have very important commitments now and for the future. I do not deplore that, but the stubbornness with which we persist trying to concentrate everything on a single social measure, when all the social field must be provided for, especially family allowances which have not been reviewed for a long time.

From 1957 to 1966, total expenditures for old age pensions went up from $473 million to $927 million, while for the same period, total expenditures for family allowances increased from $437 million to $551 million. It means that over a ten year period, the total amount for old age pensions increased by $450 million while the total amount for family allowances went up by $114 million only. If we consider that the legislation announced will entail foreseeable expenses of $280 million for the first year, and $40 million per year for the next three years, we can see that we will soon reach, that is in three years, an increase in 10 years of $1 billion for old age pensions whereas, to date there has been only an increase of $114 million in family allowance expenditure.

If our friends of the opposition would like to be reasonable in the case of old age pensions, they should ask the federal government to review family allowances as soon as possible. That is where we should strike and demand because even though we should keep our senior citizens in mind, we should also consider those who are preparing to become the working group of our population. And today, we notice that we have neglected for too long the education of our young people and their educational opportunities.

• (8:00 p.m.)

Family allowances represent an education opportunity for the young. Therefore, from now on we must concentrate our efforts on them, on the young couples who also have to face more and more urgent obligations. That does not mean putting aside in any way the matter of old age pensions.

If we could do more in the field of social welfare, we would do it; if we could do more in the field of medicare, we would do it; if we could do more in the field of manpower rehabilitation, we would do it. Since it is impossible to do the maximum with regard to each piece of social legislation, it is necessary to be reasonable and to think about the other sectors of the population.

Those who are now neglected in Canada are the young couples, the young people and, from now, our demands must be directed to that social field. Let us stop making demands with regard to old age pensions only; the figures prove that we have invested and will invest in the next three years ten times more in the field of old age pensions than in the field of family allowances.

I think the time has come to be reasonable and those who are urging the government to increase to the full expenditures for old age pensions will delay social measures liable to help young Canadians. That matter cannot be considered otherwise, especially in the light of all our future social obligations during a single session.

Therefore, to show that we are well-meaning Canadians, that we are not only looking for political gains and trying to push the government into a corner and keep it from improving the lot of other groups of the population, we must instead direct our efforts towards a social program which unfortunately has been rather neglected so far and where we must catch up and where the opposition can do much to help.

[*English*]

Mr. Kindt: Mr. Chairman, after what has been said during the past several days I had hoped that the minister and those who support this bill would come to their senses and amend it so that it would do for the old folk of Canada what they expect from it. Since last taking part in the debate I have had an opportunity to check with several old people in my area, and I failed to find one who is in sympathy with this bill except those who will qualify for the full $30, but even then they do not want to be subjected to a means test.

People across the country have no doubt that the minister is attempting to impose a means test. If the government were in touch with the grass roots it would not be long in hearing what the people think. There is no question but that this bill would have been passed several days ago had it not been for the means test.

Last July, when the minister made his first statement, he said he was going to spend $225 million. According to the last speaker on the Liberal side the $225 million has now risen to $280 million, and I have heard another figure, $270 million, quoted. Let us see what these figures mean.

We should look at this question from the point of view of paying $30 a month to 800,000 people or paying $25 a month to 1,200,000 people. In the first case the cost would come to $288 million, in the second $360 million, and the difference between paying $30 and $25 a month would be about $72 million. Added to that must be the cost of administration, which is about $5 per capita and in the case of 800,000 people would come close to $4 million. The minister's figure is $3,600,000 but my guess is that it will reach $10 million. If you take into account office space, heating, lighting, stationery and things like that for the use of people administering the means test, the cost will be another $5 million or $6 million. This would make a total of about $15 million, and such a sum would help to close the gap between the cost of giving $25 a month to all old age pensioners and the cost of giving $30 a month to 800,000.

In addition, many of these people will be paying taxes. Some of them will be pushed up into higher income brackets and a good deal of the difference, if any still exists, would be recovered in additional taxation. When all these factors are taken into consideration the total difference will probably be less than $50 million. The means test is going to be a hardship to a lot of people, and since the difference between the two schemes will be not too great I cannot understand why the government is clinging so tenaciously to its scheme which in practice will not be in the best interests of anyone.

Mr. Schreyer: Would the hon. member permit a question?

Mr. Kindt: Just give me a chance to finish and then I shall be glad to answer questions.

There is nothing sacred about the figure of $105 which the Senate committee recommended as the amount which old people needed. In many cases many of them need more; possibly many of them need less. But in trying to arrive at an equitable distribution of the increase and administration of the legislation, I say there is not one of the old folk who would not be willing to sacrifice $5 and accept the $25 figure in preference to having a means test and being required to fill out a lot of forms.

Old people may have to hire accountants to help them fill out the forms. Many of them are not skilled in the income tax regulations, and if they hire somebody the charge will probably be about $5. None of this is necessary. All the minister needs to do is make the rate uniform. The people of this country are accustomed to a uniform rate. They think in terms

of $75 and prior to that they thought in terms of $65, but always a flat rate figure without a means test. Now the minister is imposing a means test to decide who will qualify for an additional $30 a month.

• (8:10 p.m.)

This is going to cause discontent. The result will be that persons in a neighbourhood will be pitted against one another. There will be dissension. Some of these old folk will be filling out these forms and stating that they do not have income when they do have. This will make liars out of them for no good reason whatsoever. But the Minister of National Health and Welfare has entrenched in the back of his mind the idea that this is the way it has to work in spite of what people throughout the country are saying. I say to him that if he will go out and move among these old people during the Christmas vacation he will come back with a view vastly different from that which he now holds. There is no question about that. I do not wish to continue my remarks in respect of this bill. We have discussed it at great length. The difference between the one approach and the other, in terms of money and in terms of measures such as the mini-budget which have to be brought into effect in order to pay for it, is insignificant.

This whole issue boils down to the fact that there is the one principle which the Minister of National Health and Welfare is attempting to get the old folks to swallow and the other sensible method about which they all are concerned and to which they have been accustomed for years—a flat rate. I should be pleased now to answer whatever question my hon. friend may wish to ask.

Mr. Schreyer: Mr. Chairman, I should like to ask the hon. member for Macleod whether he would care to make more extended remarks about the matter of the increased administration costs. He made a logical reference to increased administrative costs. Could he indicate his source for the reference he made to a figure of $4 million, and so on?

Mr. Kindt: The Minister of National Health and Welfare mentioned a figure of $3.6 million in respect of the administrative costs of the program. I rounded out that figure to $4 million. I also said I am of the opinion that before he is finished it will be $10 million. I do not know what other figures my hon. friend would like me to enlarge on, but I should be glad to talk further on the subject if there is some part of my reference to figures which is not clear.

[Mr. Kindt.]

Mr. Knowles: Mr. Chairman, it may seem strange that this old age pension measure has been under discussion in the house for most of the day without a speech having been made by any member of this party. I wish to point out that we are here and still have a good deal to say, but we are waiting in the main for some of the other clauses. Should the debate continue on clause 1, we may not be able to remain in our seats as we had planned.

I should like to join the hon. member for Simcoe East, however, in giving notice of some amendments which I shall be moving when we reach clause 3. It is not my intention at this moment to read the amendments, but so that the committee will know what is coming I should like to point out that when we reach clause 3 of the bill I shall be moving an amendment to 7(1) under clause 3, another to 7(2) under clause 3, and another to 8(1) under clause 3. I give this notice so that the committee will know that these amendments are coming and to indicate that when we get around to what we do wish to discuss we intend to suggest some of the ways in which we think this bill despite its difficulties can be improved. Our general position remains, as we have made clear, that we welcome the increase to $105 a month but think it should be across the board.

Mr. Aiken: Mr. Chairman, I should like to make a few remarks and ask the minister some questions which I think are relevant to clause 1. These remarks and questions relate to the number of people that it will be necessary for the department to hire to examine the application forms. In closing the debate the other evening the minister stated that initially the department would have to hire about 675 part-time employees to examine the returns when the initial applications come in. There are a couple of questions I should like to ask. First, I should like to ask the minister whether he thinks his estimate is rather modest and whether in fact the number of employees who will be required may be nearer 1,000. Second, I should like to ask the minister how long these casual or temporary employees will be hired during the first year for the purpose of going through the large numbers of applications which will be made. Then I should like to ask the minister how many of these same people will have to be rehired in subsequent years to bring the applications up to date.

The estimate we made originally would indicate that there would be large numbers of people employed. I feel that the minister's

estimate is low, but perhaps he can verify it. I should like to know whether in subsequent years it will be necessary to hire additional temporary help each year to examine the returns. I am wondering for how long a period the department estimates that each of these groups of people will have to be hired. It is my understanding that the verification of these returns can be carried out by examination of the income tax returns of the people concerned. I understand that this is the method which is to be used. I also understand that the supplement will be paid possibly in March of next year.

I should like to ask the minister how verification through the use of income tax returns can be made in respect of the year 1966 when many of these returns are not due and will not be filed until the end of April next year. I should like to ask him how any verification can be made until May or June. I am also wondering how verifications are to be made in respect of persons who do not file income tax returns at all and who on the basis of another criterion may be eligible for the supplement. If these people do not file returns we must assume that there will be no verification of the statements they make. Perhaps the minister would like to answer the several questions I have asked.

• (8:20 p.m.)

Mr. MacEachen: A number of casual employees will be taken on strength for three or four months. The number of employees to be taken on permanent staff will be about 400. It may be necessary in future years, as the plan goes into full operation, to take on more casual employees for short periods of time. However, I do not think the number will be anywhere near the number required at the initial stage. We propose to check the information on the application forms against the information received by the Department of National Revenue. It is true that we cannot verify this information immediately. We can only do so in respect of income tax returns for 1966. In respect of those who do not file income tax returns we can rely upon third party information and upon the system followed by the Department of National Revenue.

Mr. Aiken: I thank the minister for his answers. There are two or three questions I should like to ask for the purpose of clarification. The minister referred to the number of employees required to administer this program. I am wondering how many of them will be permanent and how many will be hired for a short period of time. Also, will applications received in March and April be held up until verification is obtained by way of income tax returns?

Mr. MacEachen: We intend to accept as being accurate the information supplied on the application forms. We can do this on the basis that this information can be checked against income tax returns to be filed in 1967. The bill provides that recoveries can be made when inaccuracies occur. In connection with the hon. member's question regarding the number of employees to be hired, let me say that we expect to hire approximately 400.

Mr. Aiken: The minister suggested that 675 and 400 employees would be taken on staff. Should we add these figures together in order to arrive at the number of extra staff which will be required?

Mr. MacEachen: No. The one figure relates to a temporary category of employees and the other relates to a permanent category. The 675 casual employees will be hired from time to time during heavy workload periods.

Mr. Aiken: As I understand the situation, 400 permanent employees will be added to the staff and from time to time a number of casual employees will be hired, and I think the figure mentioned was 675. They will be hired, presumably, at the time income tax returns are being filed?

Mr. MacEachen: Yes. One must keep in mind the fact that there will be 900,000 individuals eligible for these benefits. There are ten district offices and it would be quite impossible for present staffs to handle this extra work. It would be undesirable to ask them to do so.

Mr. Aiken: I should like to ask the minister whether these employees will be hired in connection with the application of the Canada Assistance Plan? Will they be hired as employees of the federal government or will they be hired as employees of the provincial administrations?

Mr. MacEachen: These additional employees will have nothing to do with the administration of the Canada Assistance Plan.

Mr. Aiken: The minister has answered most of my questions but before resuming my seat I should like again to point out that there is a much more simple solution to the problem with which we are faced. During the course of this debate people have written me expressing their concern regarding application for the supplementary benefit. Just before I came to

the house this evening I had a telephone call from an individual who has paid income tax throughout his life. He feels that he should be eligible for the supplementary pension. He has been frugal and has saved some money. He feels he should be entitled to receive every bit as much as another individual who has saved nothing during his life. There is a fundamental difficulty involved in a means test. I do not intend to say anything more about that at this time except that by adopting a means test we are taking a backward step in our approach to social security.

• (8:30 p.m.)

Mr. Muir (Lisgar): Mr. Chairman, I have listened to the answers given by the minister during the debate. I was particularly interested in his remarks regarding the number of additional employees required to carry out this old age security program. It seems to me that it would be much more simple and less expensive to carry out this program on the basis of the amendment to this bill proposed by the opposition. It would seem to me much simpler and perhaps not much more expensive if the minister would accept an amendment to the bill, in the same way as he accepted an amendment to the medicare bill, granting every old age pensioner in Canada an extra $25 a month. The reason I say it would not be much more expensive is that under the proposed plan account will have to be taken of the 400 additional permanent employees and 675 casual employees who will have to be paid and housed, and the setting up of an organization of this kind will increase the cost. When a calculation is made of how much extra money would be required to pay all the old age pensioners an extra $25 a month and the amount of money which would be recovered through income tax, and having in mind also the fact that it would not be necessary to impose a means test, or whatever the minister wishes to call it, I am sure the taxpayers of the country would greatly prefer this course of action.

There are one or two questions with regard to the application of this legislation which I would like to put to the minister. When an application is received and there is some doubt whether it is a bona fide one will investigators be sent to particular areas to ensure that applications have been made out correctly and that no money is being paid to people who are not entitled to it, or will the decision regarding the application be made on the basis of the information regarding the applicant's income as contained in his application?

[Mr. Aiken.]

Will all this be done in a central place? If you are going to send people out—and I do not see how you can avoid this in a great many cases —additional employees will be required to do this work, which will add to the cost of the plan. I hope that even at this late date the minister will be prepared to accept an amendment, or even to propose an amendment of his own, to grant to all our old age pensioners an extra $25 a month without the meanest of all tests, the means test. If this were done the minister would become a hero in the eyes of a great many taxpayers in Canada.

Mr. Clancy: Mr. Chairman, I would like to suggest that a gift be made to all the senior citizens of our country by giving them on July 1 next a bonus of $100. However, I am quite aware that we cannot do so because we cannot spend any money. I should also like to suggest that our centennial year should be a tax-free year. These are the only two suggestions I wish to make.

Mr. Muir (Cape Breton North and Victoria): Mr. Chairman, like most other hon. members I have not had the opportunity of being present at all times during the debate. I have one question which I should like to put to the minister and I believe that possibly it was referred to by my colleague from Cape Breton South. The other evening when the minister was speaking about the determination of income he mentioned that war veterans' allowance payments, gifts, and money from the sale of homes would not be classified as income. What I am thinking about at the moment are the small pensions paid to retired coal miners in the province of Nova Scotia. Some of these are very small. I should like the Minister to advise us whether the small amounts which they are receiving will be classified as income under this so-called income test or, as someone has suggested, the MacEachen test. I suppose that these small sums, which the retired miners are receiving could be considered as rewards given to them for having served for 30 or 40 years in the coal mines. As the minister is well aware, there was no joint contributory pension plan established in the coal mining industry in Nova Scotia. The only plan in existence was based on a certain sum of money which was contributed by the coal company.

Can the minister inform us whether the sums being paid to retired coal miners by different coal companies such as the Dominion Steel and Coal Company will be classified as income under the income test to which he has referred? If this is the case, I am afraid that

these retired coal miners will not get much benefit from the present bill. I know that the minister is well aware of the situation to which I am referring and I am sure that he must have this information at his fingertips.

Mr. MacEachen: Of course the answer is that if the coal company pension is a company pension, as it is, it would be regarded as income under the Income Tax Act. I have received some correspondence—I was trying to find it—from the chairman of the pensioners' union, Mr. Joseph Nearing, who wrote to me about various cases of miners receiving the company pension. I believe that in all cases they will benefit substantially from the proposed legislation because the pensions are small. As my hon. friend pointed out, and because of the two-for-one principle, I believe they will benefit from the supplement up to the income level of $1,620 for a single person.

Mr. MacInnis (Cape Breton South): I should like to follow up that particular question and ask the minister where he got the information that the miners receive a pension. Can he also tell me whether Mr. Nearing did not object to the so-called means test?

Mr. MacEachen: No, Mr. Chairman, not in his letter to me. He asked me to explain what would be the benefits in what he thought were the standard cases which were being discussed among the retired miners. He made no comment about the income test.

Mr. MacInnis (Cape Breton South): Mr. Chairman, I should like to make one further clarification for the minister's benefit, if he wishes to take my word for it. If not, he can check this out. The fact is that the miners in Cape Breton do not receive a pension but only a gratuity. Miners who have retired since 1952 have not received increases in their old age security pension because of the 2 per cent increment which was contributed. Actually what they receive from the Dominion Coal Company is a gratuity not a pension.

• (8:40 p.m.)

Mr. Muir (Lisgar): Would the minister advise me how he intends to verify these applications?

Mr. MacEachen: I explained a few moments ago to a member of the opposition how we propose to make this verification. When we receive an application from early in the year we will accept the information provided as accurate. We will not send people into the field to check on this form. If the information is incomplete or the form has been improperly made out we will write to the pensioner and tell him he forgot to include such and such an item. But we do not intend to send out investigators to check these forms. As I said, the only way we can check the accuracy of the information on these forms is to go to the Department of National Revenue and get the information from the income tax returns. That will be the source. We have no plans to go beyond that.

Mr. Kindt: A supplementary question. Did I understand the minister to indicate that when the supplementary forms are received and there is a question as to their accuracy they will be checked against the income tax returns? The minister nods his head and I understand that is what he intends to do. Is he within his rights, even though this is a government venture, to tamper with income tax forms?

Mr. MacEachen: I am not proposing to doing anything I am not asking parliament to approve in this bill. There is a very limited type of information contained in income tax forms which the Minister of National Revenue may make available to my department for the purpose of checking the accuracy of application forms. This is covered in detail in a later clause in the bill.

Mr. Mandziuk: May I ask the minister how he will verify applications by those people who do not file income tax returns? Thousands of old age pensioners do not file a return. They have small gardens, or a cow or a couple of pigs, but according to the income tax regulations they are living off the land and this is income. How does the minister explain this?

Mr. MacEachen: I am being attacked, as it were, from two different flanks here.

Mr. Mandziuk: Not attacked; we just want an explanation.

Mr. MacEachen: It has been suggested that the test is too strict; on the other hand, it is being suggested it may be too lenient. The matters mentioned by my hon. friend would be of no interest to us. I assume that an individual in the country who has an income of sufficient interest to national revenue will file an income tax return, and that is what we will accept. If other people who should be filing income tax returns are not doing so—I am not suggesting that such is the case—then that is a matter for the Department of National Revenue.

Mr. Mandziuk: Are we to understand that those people who have not been filing income tax returns will not be rechecked as to their qualification for this supplementary pension? Yes or no?

Mr. MacEachen: There are two sources of income tax information. One is information received from the department with respect to an individual who files a return. The other source of information is what you might call third party information which is available even though an individual does not submit it in a tax return. These are the only methods provided for in the bill. From this explanation the hon. member will see that the test is quite different from any other test employed in the past.

Mr. Mandziuk: I am not trying to delay proceedings but I remember that when we had the means test for old age pensioners in days gone by the government of that day had two or three officials in an area who, if they did not like a pensioner, made an adverse report on him. On the other hand, if they did like him they made a favourable report. Is the minister going to depend upon a couple of Liberals in each area recommending whether a pensioner should be thoroughly checked? The pensioners are concerned about this and I do not think the minister realizes it.

Mr. MacEachen: I would not rely on Liberals for such a purpose, Mr. Chairman. I will not even rely on Conservatives.

Mr. Mandziuk: Are the income tax inspectors going to investigate these applicants? Would the minister put that on the record?

Mr. MacEachen: I am not reluctant to put this on the record. I have been putting it on the record. The system I mentioned is the system provided for in the clauses of the bill.

Mr. Mandziuk: A negative shake of the head does not show on *Hansard*. That is why I wanted the minister to verify it verbally.

Mr. Kindt: A supplementary question. If the income tax officials do not get in touch with an old age pensioner, is it the thought that representatives of the Department of National Health and Welfare will take it upon themselves to check the old age pensioner, which is in fact the same thing? I assume from the bill that this check will be made.

Mr. MacEachen: No, Mr. Chairman, that is not the thought. If it were the thought we would require many more staff in addition to the people I have mentioned. We propose to rely on the system I have explained to the committee, and we have no other plans.

Mr. Muir (Cape Breton North and Victoria): Mr. Chairman, getting back to the important question concerning what the retired coal miners in Nova Scotia may receive as a result of this bill, my colleague from Cape Breton South has stated that the amount they receive from the coal company is a gratuity or, as we term it in the area, a pension. This sum is for long, faithful and continuous service over 35, 40, 45 and in some cases 50 years. It represents the grateful thanks of the large corporation for their long and faithful service.

Since the minister is in close contact with the largest operator of the coal mines, can he advise the committee whether it is the intention of the coal company when this plan goes into effect to cut back or reduce the payments they make at the present time to the retired coal miners? When a retired coal miner has reached the age of eligibility for old age security the company has in turn cut him back by that amount, reducing the gratuity received from the coal company.

Can the minister say whether he has had any discussions with, say, Dominion Steel and Coal Company about whether they will reduce the amount they pay their retired coal miners at the present time? If all the predictions and forecasts are true, it may be possible that after a period of time the employer here will not be DOSCO but the federal government.

Mr. MacEachen: I cannot give any assurance that DOSCO will treat this supplement any differently from the way they have treated increases in the old age pension in the past. I cannot give any assurance but I shall be very happy to have a word with the president of DOSCO to see whether a different attitude might not prevail in this case.

• (8:50 p.m.)

Mr. Muir (Lisgar): I hope the minister will follow this matter up and I hope he will be successful in his endeavours with the coal company.

Mr. Herridge: Mr. Chairman, I wish to ask the minister a question or two following questions asked by other members. What is to be taken as income? A number of people in my constituency have incomes that are very limited indeed but they live in their own homes. Let me give an illustration. They live in their own homes, raise their own beef, grow their own vegetables, produce their own pork and

produce their own fruit. They have their own canning plants, they catch plenty of sport fish, they burn wood for fuel and produce their own light. They have their own hydroelectric power service. They have access to considerable quantities of game, large quantities of wild fruits and so on.

An hon. Member: Where is this place?

Mr. Herridge: I am describing my own normal way of life. Would these things produced on such properties be included as income? The people I refer to may have substantial farms but there is very little sale of commodities. They have a small cash income with perhaps the old age pension and some other small income. Would these home-produced goods and commodities such as I have mentioned be considered as income when such people are completing their income tax forms?

Mr. MacEachen: Mr. Chairman, I listened carefully to every item my hon. friend mentioned. I do not think there was a single item that would be included in the definition of income. I hope that this rather Utopian picture extends beyond the confines of my hon. friend's constituency and applies to many other old age pensioners who, with this type of resourceful living described by hon. members, will benefit from the supplement in this bill.

Mr. Muir (Lisgar): There is one question which concerns me and which the minister has not answered so far as I am aware. Can he tell me what the difference in administrative cost would be between paying every old age pensioner $25 and paying those old age pensioners who have passed the means test $30 as is now proposed? What would the difference in costs be considering the return to be made to the treasury through income taxes?

Mr. MacEachen: Mr. Chairman, the argument has been made and debated that it would be better, or almost as good, financially, to pay everybody the flat rate.

An hon. Member: Why don't you?

Mr. MacEachen: It has been argued that we could recover in the form of income tax such sums as would offset any administrative costs we might incur. It has been suggested that such sums would be as great as any savings in this program. I have put on the record the recoveries we would expect to make. For example, if the rate were kept at the present $75 the amount paid out, if the $75 were continued, would be $1,110 million. The recovery in income tax is relatively small. The figure that I recorded was $33 million. If we increased the figure to $105 a month the additional recovery would be $15 million. It is surprising that the recovery is so relatively small.

We think by this program, by concentrating the assistance in the low income groups, that even with greater administration costs we should, in comparison, be securing savings to the taxpayers of $97 million. That is a considerable sum from the point of view of the Canadian taxpayer. It underlines how relatively small the administration costs of this program will be and how relatively small recoveries would be if the figure were changed.

Mr. Muir (Lisgar): The fact that the minister has placed on the record that the recoveries are so small is an indication that a great many of our old age pensioners need added income, and they will not be among the people receiving it. If they were receiving adequate income the recovery would be much larger. The minister defeats his own argument by saying that the recovery is so small that it is hardly worth talking about. There must be many old people in Canada needing this extra money.

Mr. MacEachen: That may be part of the explanation. The other part of the explanation is that pensioners with high incomes still retain a considerable portion of this pension payment.

Mr. Pugh: Having listened to the hon. member for Kootenay West describe Utopia and make his point about income, I wish to ask a similar question affecting people with small holdings and drawing veterans' pensions. I should like to know the definition of income or the rules and regulations applying to income affecting veterans with small holdings. Some of these veterans have allowances under the War Veterans Allowance Act.

Some veterans have small holdings of only an acre or an acre and a half. From these holdings they derive no actual income. They are assessed, I take it, on what is known as calculated income. The minister, I think, nodded his head in affirmation. That is an important point, because what the hon. member for Kootenay West said struck a cord in my mind. I am aware of veterans receiving war veterans allowance who have improved their own places and take fruit from extraordinarily small orchards to the packinghouses. Against what they receive for the fruit they have to set the cost of growing the fruit, pruning,

spraying and so on. Spraying is the most important part of the process. The department will not take the net return as the assessment of income. It will not take what the grower receives from the packinghouse and set it off against the expenses of growing the fruit.

• (9:00 p.m.)

Before the minister reaches agreement with the hon. member for Kootenay West about what is and what is not Utopia, will he take this matter up with the Minister of Veterans Affairs and find out what effect the terms of this bill are likely to have on war veterans allowances? It is not as though only one or two people will be affected. In my area, as well as in the area represented by the hon. member for Kootenay West, there has been a great deal of settlement on what are termed small holdings and I am concerned about the inequalities which the payment of the additional $30 may have upon such men.

Mr. Nasserden: In rising to take part in this debate I cannot but think back to the days before I entered the House of Commons, the days when the Liberal party held sway in Canada and seemed almost impossible to defeat. Those were days when the Liberal party had a policy, had principles and believed in embodying those principles in the legislation which it brought forward.

In looking at this piece of legislation which has been prepared by the minister and the government I have reached the conclusion that it amounts to a reversal and repudiation of the policies which have for so long been followed by the Liberal party. I cannot help thinking of the men and women from one end of Canada to the other who took justifiable pride in a party which abolished the means test in regard to the aged citizens of this country, those who had pioneered, those who had come to this land to build their homes and bring into being a society better than the society in the countries from which they had come.

Now we have a Minister of National Health and Welfare who is unworthy of the traditions of the party to which he belongs. At a time when the cost of living has reached the highest point ever, he comes to this house with a proposal that certain classes of the aged should be subject to discrimination. The hon. gentleman can shake his head and make all the arguments he wishes to make in this regard, but this bill certainly does discriminate against a great number of those who are receiving old age security benefits.

Think of those who in order to meet expenses at the present time are earning a little income from odd jobs. Others are, perhaps renting a room to a student in order to make a few extra dollars. These are the people who are to be penalized. I think back to the election campaign before the party opposite formed the minority government. I think of the boasts which were made during that campaign. Twenty-five dollars was not enough. They said they would give more than that as of right to the aged people of this country, those who laid the foundations upon which we are building. During that election campaign we had men like the minister going from one end of this country to the other saying that their leader was a man who cared. What is there in this bill which fulfils the promises they made to the senior citizens of this country during that campaign?

It is disappointing to me to see the present Minister of National Health and Welfare disavow the principles upon which his party was founded and the policy followed during one of its greatest periods when it abolished the means test with respect to recipients of old age pensions. The minister cannot take much pride in the legislation he has placed before the committee. He will not only disappoint the Canadian people, who remember some of the promises made during the election campaign, but he will surely disappoint those who are the very bulwark of the Liberal party from one end of the country to the other.

There are other things about this bill which concern me. I believe that in its present form it will have an adverse effect on the productivity of Canada. After all, what is the incentive for an elderly person to earn a little extra money if the result is to be discrimination along the lines set out in this bill? A government which has boasted so much about its achievements in social legislation must surely have hesitated before bringing back the means test in old age security legislation. Then the Minister of Finance tells us he is going to be Santa Claus to the senior citizens of this country. I am reminded of a picture in one of the great daily papers of this city today—a picture of a lean and lanky Santa Claus. That is the type of Santa Claus which the government represents to many of those who receive old age security payments at the present time.

Today, as I have pointed out, the cost of living in Canada is the highest in the nation's history. This situation has come about as a result of action deliberately taken by the government opposite. Yet we have the spectacle of the government deciding that it will do something for some of those who are receiving

old age security payments and nothing for others in the same category. How can we differentiate between those who pioneered in this land and gave of their best so that we could enjoy today the standard of living we have achieved and a tradition to hand on to the next generation which is worthy of a free people?

• (9:10 p.m.)

I am thinking of the many people who supported the minister and the government during the last election when I plead with the minister tonight to change his mind. In his heart he knows he is not doing what he promised the people of Canada during the last election campaign. He is not following the record of his party which it established when it abolished the means test some years ago. It does not matter whether the minister calls it a needs test. Everybody in Canada knows it is a means test and that it is the meanest test of all. It is unfitting for a young and youthful minister, with a great future ahead of him—

Some hon. Members: Hear, hear.

Mr. Nasserden: —to bring forward this type of legislation. I am not so sure his future is going to be in politics if this is the type of legislation he is going to bring forward. Why don't hon. members opposite applaud that?

Those who voted Liberal in my riding and those who voted Liberal across the country will be disappointed with this measure because of the fact that it falls short of the traditional and historic stand taken by the Liberal party in years gone by. This legislation also reflects on the Prime Minister. He does not measure up to the standard that was set by former Prime Minister St. Laurent at the time the means test was eliminated. During the last election campaign the Liberals used the slogan in reference to the Prime Minister—"This man cares". But when I look at the bill I ask, what does he care about? Certainly he does not care for those people who will not benefit by this legislation, nor for those who will be discriminated against, nor for those who will enjoy a lesser standard of living because of the lesser productivity caused by the means test in this legislation.

A young man like the minister should be thinking of productivity in this day and age when people all around the world are finding it more and more difficult to compete in the markets for the goods that are sent from one nation to another. I hope the minister thinks about that, and that before this measure passes he will do something to eliminate this undesirable feature of a means test which he is asking parliament to reintroduce in its dealings with the senior citizens of our country.

Mr. Sherman: Mr. Chairman, I would like to inject one or two words at this point in the debate to ask the minister to consider some kind of supplementary benefit in this legislation that would be pegged to the cost of living. The guaranteed income supplement will certainly be a benefit to thousands of old age pensioners who for one reason or another were not able to provide adequately for their declining years, but it seems to me that the legislation is penalizing those who did succeed in one way or another in putting something or providing some kind of retirement income for their old age.

One of the most crippling and unsatisfactory aspects of this legislation is the blow it delivers to the Canadian spirit of initiative, individual responsiblity and enterprise. Thousands upon thousands of people in this latter category have a small retirement income which now, by some supreme irony, militates against them in their old age. I suggest that this is a sad state of affairs in a great country like Canada which was built on individual initiative and the spirit of individual enterprise.

These old age pensioners who have a small retirement income are severely pressed by today's high living costs and have no hope of escape from this trap unless we in parliament move to intervene on their behalf. I ask the minister, why should a man or woman who has worked all his or her life, say on a railroad or in some other job, be penalized now for having earned a small pension? That is what this legislation does. It penalizes the man who applied himself sufficiently to his job during his working years to lay up a small retirement income for himself.

The government should, without question, bring in a flat $30 a month old age pension increase across the board, with no questions asked. The Senate committee on aging recommended a minimum income of $1,260 a year for all Canadians. I say, all right, let us put that into effect for everyone. But at the very least thousands and thousands of old age pensioners need some help against the cost of living, and it seems to me that the top priority item in this legislation should be some additional supplement for all senior Canadians, pegged to the rise in living costs.

[*Translation*]

Mr. Caouette: Mr. Chairman, I have only a few words to say after hearing the remarks

of the hon. member for Rosthern (Mr. Nasserden) who says the present government promised during the election campaign such and such a pension and feels that the government is not generous enough. However, the hon. member forgot to say that his party was in power from 1957 to 1962. Who prevented his party, while in power, from passing the measures it is now advocating? Who prevented his party, while in power, from giving our older people what they are entitled to get?

Mr. Chairman, we must be honest all the same with the Canadian people and stop indulging in petty politics. It is good to hear the hon. member for Rosthern (Mr. Nasserden) tell us about all the advantages that the party now in power could bring to the aged in Canada. But when they were in power, barely four years ago, why did they not give older Canadians what they are now asking the government to give them?

Mr. Chairman, honesty does not work only one way; it should exist on both sides. It is essential to be as honest and truthful with the Canadian voters. Today, the Conservatives criticize the advantages that the government will give to our older people, and yet, they had the largest majority in Canadian history, having had the greatest number of members elected to the house in 1958, since Confederation, that is, 208 out of 265, and they did less than nothing. There were then in Canada more than a million unemployed.

And today, the member for Rosthern rose to ask the government: "What are you doing about your election promises?" But what have you done, you Conservatives, about your election promises? In Quebec and throughout Canada, what did you do about that?

Mr. Chairman, I have no sympathy for the Liberals or for the Conservatives. Truth only must prevail, and the right must remain truthful.

Mr. Chairman, it is all very well to recall other parties' election promises, and it is even easy, when one has failed to keep one's own promises while in power. The Conservatives are acting in this way.

I see my good friend the hon. member for Argenteuil-Deux-Montagnes (Mr. Régimbal). He knows I am right when I say this. His presence here is the result of lies told by the Conservatives in the province of Quebec.

Mind you, Mr. Chairman, I have nothing against the hon. member for Argenteuil-Deux-Montagnes, on the contrary, I think highly of him. But I think he is in the wrong pew; he should not be sitting there, he does not have any elbow room. He must act according to instructions, according to the consensus of a party which has betrayed Canada since confederation.

Some hon. Members: Hear, hear.

Mr. Caouette: One of my good English speaking friends who participated in this round of applause says he will answer me in a moment. He is welcome. Nothing prevents any hon. member to speak up and say what he likes in the house, Mr. Chairman. I am saying frankly what I have to say. I am not approving everything the Liberals do. Far from it. I believe—

An hon. Member: Almost.

Mr. Caouette: No, no, not almost, not at all. I believe our senior citizens deserve better treatment. I sincerely believe the Minister of National Health and Welfare (Mr. MacEachen) should, first of all, take into account the wishes of the provinces. That is why, Mr. Chairman, I should like to move an amendment to the bill before us. The amendment I move—

An hon. Member: There is already one before the house.

Mr. Caouette: Which one?

Mr. Boulanger: There is none.

Mr. Caouette: Mr. Chairman, is there an amendment before the committee? If so, I will keep mine as a handy substitute.

An hon. Member: There is none.

• (9:20 p.m.)

[*English*]

The Chairman: Order. There is no amendment before the committee at the moment.

[*Translation*]

Mr. Caouette: Mr. Chairman, this proves one thing: I am the only one who is in step and the others are out of step, because several members shouted to me that there was an amendment; among them was the hon. member for Mercier (Mr. Boulanger), who is always mixed up anyway.

Mr. Boulanger: I said there was no amendment.

Mr. Caouette: Not the hon. member for Mercier, Mr. Chairman, I mean the hon. member for Lévis (Mr. Guay), who misled me. The

hon. member for Mercier was right; there was no amendment. Therefore I move the following amendment to clause 1, which means to Bill No. C-251 as a whole:

"That while this house is of the opinion that the necessary steps should be taken to provide our senior Canadian citizens with an adequate pension, it believes that legislation dealing with an old age security plan in Canada would not be adequate unless it provides a fiscal compensation plan permitting any province that might so wish to establish its own old age security plan."

An hon. Member: It is almost the amendment of the hon. member for Sherbrooke (Mr. Allard), word for word.

Mr. Caouette: The amendment moved by the hon. member for Sherbrooke (Mr. Allard) was not—

An hon. Member: Separatist.

Mr. Caouette: No, there is no separatism at all in this. There is simply confirmation as regards positions taken by the province of Quebec. This does not deal at all with separatism, Mr. Chairman, but only with the respect for the spirit and the letter of clause 94A the Canadian constitution, which provides that the federal government can only intervene in the social legislation or the old age pension field so long as the rights of provinces are being respected.

So, Mr. Chairman, such is the spirit of the amendment I move. The Conservatives, the Liberals, the members of the New Democratic Party may discuss it as long as they will; I sincerely believe that until the Canadian constitution is amended it must be respected in its present form, otherwise we will not reach that unity and that national understanding so necessary to the development of our natural resources and all the spheres of this country's economic activity.

Mr. Chairman, such is the amendment I am moving and I hope everyone, Liberals, Conservatives, members of the C.C.F., of the N.D.P., and we, of the Social Credit party, will accept it.

[*English*]

Mr. Nasserden: Mr. Chairman, I should like to respond to the invitation which has been extended to me by the leader of the Créditiste party to trace some of the history of the legislation which has been provided for the people of this country in the form of old age security. At the outset may I say that the government led by my leader, Right Hon. John G. Diefenbaker, the hon. member for Prince Albert, when he was prime minister of this country—

Some hon. Members: Hear, hear.

Mr. Nasserden: —provided more in the way of old age security than any other comparable government in Canadian history. We remember how that government came to office. It came to office because of the "six-buck boys" across the way. There they sat with the old age pension at $40 a month. The hon. Mr. Caouette endorsed the—

[*Translation*]

Mr. Caouette: On a point of order, Mr. Chairman. The hon. member for Rosthern (Mr. Nasserden) is not allowed to call me "honourable Caouette". He must refer to the name of my riding, according to the standing orders of the house and, for his benefit, I represent Villeneuve county. I hope he can pronounce this name as well as I pronounce the name Rosthern, his riding.

[*English*]

The Chairman: Order, please. Perhaps in the heat of the debate the hon. member for Rosthern has forgotten the usual method which is used in referring to members in the house.

Mr. Nasserden: Mr. Chairman, I should like to say very frankly that for the moment I forgot the name of the constituency the hon. member represents. I regret any inconvenience that my reference has caused him. I hope he will accept my apology. I was about to say that the hon. member for Villeneuve reminded me of—

• (9:30 p.m.)

Some hon. Members: Oh, oh.

Mr. Nasserden: The hon. member knows that my heart is in the right place. The hon. member for Villeneuve reminds me tonight of the method by which the former administration came to office following the Liberal occupancy over a period of 22 years. The Liberals increased pensions to $40 per month and then they proposed, during inflationary years, to pay our senior citizens an extra $6 per month. Surely they recall what happened in this country at that time. The people receiving assistance took objection and brought that government to its knees.

The leader of the Créditiste party asked me what our party did for our senior citizens when we were in office. We raised old age pensions to $55 per month and then to $65 per

month. We were not responsible for an increase in the cost of living such as we are faced with today. We did not create circumstances such as those created by hon. gentlemen opposite.

The leader of the Créditiste party has endorsed the action taken by this government which has resulted in an increase in the cost of living in this country. Interest rates and rents have gone up. The government of today increased pensions by $10 per month and immediately the cost of accommodation was increased by an equivalent amount. Has the leader of the Créditiste party and his followers in the House of Commons any answer to the obvious situation which the government has created—

Mr. Caouette: Would the hon. member for Rosthern permit a question?

Mr. Nasserden: Certainly.

Mr. Caouette: Would the hon. member indicate what the Conservative government would have done in the circumstances which exist today? If he could answer that question I am sure he would be saying more than he is saying at this time.

Mr. Nasserden: Mr. Chairman, I will be pleased to respond to the hon. member's question if you will allow me to do so. A Conservative government would not have put into effect an 11 per cent sales tax. We would not have encouraged the highest interest rates in the entire history of this country, and we would not have increased the interest rate in respect of housing to 7¼ per cent as this government has done. We did exactly the opposite when we were in power.

Some hon. Members: Oh, oh.

The Chairman: Order, please. I can understand the desire of the hon. member for Rosthern to answer the question posed by the hon. member for Villeneuve but I suggest he confine his remarks to the clause of the bill now before us.

Mr. Ricard: Members on the other side sound like wild geese.

Mr. Nasserden: Mr. Chairman, I shall try to confine my remarks to the clause now under study. Let me answer the question posed by the hon. member for Villeneuve who has endorsed the action taken by the government. He asked me what we did when we were in power. We tried to provide additional moneys and accommodation for our senior citizens at a rate which—

[Mr. Nasserden.]

Mr. Pickersgill: Mr. Chairman, I should like to rise on a point of order.

The Chairman: Order, please.

Mr. Nasserden: Let me remind the minister who has interrupted that by our policies we enhanced the livelihood of our senior citizens by decreasing the costs of—

Mr. Pickersgill: Mr. Chairman, I rise on a point of order. I suggest that this is not the time for Aesop's fables or Diefenbaker's fables. We ought to return to a consideration of the bill before us.

Some hon. Members: Hear, hear.

Mr. Nasserden: Mr. Chairman, that admonition on the part of the minister reminds me of the time when he sat on this side of the house and the liberties he then took.

Mr. Pickersgill: Abide by the rules of the house.

Mr. Nasserden: I intend to abide by the rules. When this party was in power we increased assistance to the blind and the disabled. Pensions were increased by our government. We did a great deal compared with what the present government did during the period of time between the two world wars. This party when in power more than doubled assistance in respect of hospitalization.

Some hon. Members: Order.

Mr. Nasserden: Mr. Chairman, all I am trying to do is answer the false charges made by the leader of the Créditiste party.

[*Translation*]

Mr. Caouette: Mr. Chairman, I rise on a point of order and a question of privilege.

The member for Rosthern says that I have made wrong accusations. Can he deny that, under a Conservative government, when his party had 208 Conservative members of parliament, we experienced the greatest difficulties, that there were over 1 million unemployed in Canada, something which Canada had never experienced before? Is the hon. member prepared to support his position?

[*English*]

The Chairman: Order, please. The committee seems to be getting away from the subject matter of our discussion. Let me ask hon. members to co-operate with the Chair by relating their remarks to the clause now under discussion.

Mr. Nasserden: Mr. Chairman, I immediately recall the days when we assumed office. At that time this country faced conditions the like of which had never before been experienced. It took three years to lay the foundations for the greatest period of expansion this country has ever known.

An hon. Member: What about the vision?

Mr. Nasserden: That is my answer to the "funny money" position.

[*Translation*]

Mr. Caouette: Mr. Chairman—

[*English*]

Mr. Pugh: I rise on a point or order, Mr. Chairman.

[*Translation*]

Mr. Caouette: On a point of order, Mr. Chairman. The only period we experienced the worst credit restrictions, with "funny credit", was when the Conservatives were in power.

[*English*]

The Chairman: Order, please. In my opinion the hon. member does not have a point of order.

• (9:40 p.m.)

Mr. Nasserden: Mr. Chairman, I welcome the interruption of the hon. member for Villeneuve because he reminds me of the fact that when we were in office we improved the benefits of our elderly citizens by allowing an additional $100 deduction, so far as income tax was concerned, for those over 65 years of age. Apparently the leader of the Créditistes endorsed the action taken by hon. gentlemen opposite. We are against the means test. What is the position of the hon. gentleman in this regard?

[*Translation*]

Mr. Caouette: On a point of order, Mr. Chairman.

[*English*]

Mr. Nasserden: Well, Mr. Chairman, I can understand—

Mr. Caouette: On a point of order, Mr. Chairman, when the hon. member says that this party is against a means test—

An hon. Member: That is not a point of order.

Mr. Caouette: Yes, Mr. Chairman, this is a point of order. When the hon. gentleman says that he is against a means test he is misleading the House of Commons.

The Chairman: Order, please.

Mr. Nasserden: Mr. Chairman, I can understand the feelings of guilt that fall upon the shoulders and exist in the mind of anyone who would propose a piece of legislation bringing back into the statute books of this country a means test which would affect those who pioneered this land. Everyone in the House of Commons knows why the leader of the Creditistes has taken that stand tonight. We have heard that he believes there are more children in the province of Quebec than there are old people and therefore he would like to see family allowances increased rather than old age security payments. This is at the heart of the proposal which he has put forward tonight and of the charges which he has made.

We in this party, and I believe Canadians generally, believe that those who pioneered this land, many of them at great sacrifice, regardless of whether they were thrifty during their lifetime or not are entitled to a basic consideration in view of the contribution which they have made to the society which we are trying to build within this nation. This principle was endorsed by Right Hon. Louis St. Laurent and the administration of which he was the head. This principle has been repudiated by the government opposite and by the Minister of National Health and Welfare. It is a sorry sight to see an administration retreat from a position which was endorsed by a vast majority of Canadians in the years gone by. I cannot help but wonder what it was that brought about this repudiation and reversal of the policies and principles of a great party in their effort to do something for the senior citizens of this country.

When I consider the figure which the Minister of National Health and Welfare has given us with regard to the saving that this measure will effect—and there is no time tonight to go into it in detail—I cannot but feel that the minister has failed to take into consideration many aspects of the situation. However, the most important aspect of the situation is the loss of productivity which this nation will encounter because of the action taken by the government and, as was pointed out by the hon. member for Simcoe East, not only will it result in a loss of productivity for this country but also in the shortening of the life span of our senior citizens. It is important for them to know that they are still part and

parcel of the productive channels of this nation in seeking to establish a better living for all our citizens.

Every member in his own community has seen active men and women who have retired and, when faced with inactivity, fade away and sometimes die within a matter of months after their retirement. I admit that this does not happen in all cases but we have seen it happen to people who have been active during the major part of their lives. By the very terms of the legislation the government is almost saying to them that they are no longer wanted in the productive machinery of this nation. This is something for the minister to think about. A few minutes ago I said that he was a young minister with perhaps a brilliant future of him. Let him ensure this brilliant future by making this legislation the cornerstone of that future instead of repudiating every principle for which his party has stood in the years gone by.

The Chairman: If the committee so wishes I would be prepared to make a ruling on the amendment submitted by the hon. member for Villeneuve.

Mr. McCleave: Mr. Chairman, I think this amendment deserves some discussion. The hon. member for Villeneuve has come before us trumpeting his own virtues and has brought forward an amendment which can obviously only be moved on second reading of the bill and not in the committee stage. Apparently he does not know the difference when Your Honour is seated where you are and when Your Honour is seated in Mr. Speaker's chair. I think this should be brought to the attention of the committee. I know Your Honour will be kind to the hon. member for Villeneuve and will rule out of order the amendment proposed by him without giving him an extensive explanation of why it should be ruled out of order. The fact is that the hon. member for Villeneuve is not aware of what has taken place in the committee with regard to this bill, and I hope that Your Honour's ruling will make this perfectly plain.

The Chairman: Order. I will read the motion proposed by the hon. member for Villeneuve:

> That all the words following the word "that" be removed and replaced by the following—
>
> "That this house is of the opinion that the necessary dispositions taken to assure the senior Canadian citizens an adequate pension but furthermore believes that legislation dealing with an old age security plan in Canada would not be adequate unless it provides a fiscal compensation plan permitting any province that might desire to instal its own old age security plan."

[Mr. Nasserden.]

First of all I should like to point out to the committee that this amendment is not presented in the proper form. I consider this to be a substantive motion which cannot be moved on any clause in committee. Second, I refer hon. members to standing order 59 (2) which states:

> Speeches in committee of the whole house must be strictly relevant to the item or clause under consideration.

The proposed amendment now before the committee is not relevant to clause 1 of the bill which the committee is now discussing. Again I should point out to the committee that the form of the amendment might allow it to be moved on second or third reading but it cannot be accepted as an amendment to a clause at this time. For these three reasons I will have to rule the amendment moved by the hon. member for Villeneuve out of order.

Mr. Nowlan: Mr. Chairman, I take pleasure in participating in this debate, even if I do so somewhat late, for three reasons. The first reason is the very obvious need of old age pensioners. The second reason is a statement made by the Minister of National Health and Welfare to which I take very real exception. The third reason for my real interest in participating in the debate—it is a catalyst form of participation since the debate will continue whether I participate or not—is the motion moved by the Minister of Transport at seven o'clock tonight. From my brief experience in the house I suggest that the minister's movement, and he is known for many movements, is conditioned by the season of the year. Many members are in their seats tonight and it seems that the minister's motion, though ill-conceived perhaps, is in keeping with the mood of the season. His motion has brought all sorts of members into the house, which reminds me of the nocturnal activity in the days of Scrooge.

• (9:50 p.m.)

There is some analogy between the motion of the minister and the bill under debate to Mr. Scrooge, Bob Cratchit, his bookkeeper, and Marley's ghost. The hon. member for Rosthern said he had a great sympathy for the minister, but that he thought he was a little too avant garde. I think the minister should look to his derriere. This bill should make the minister look more to his rear than to his front. For just like Scrooge with the chains rattling in the basement and the apparitions

appearing, so will apparitions appear before the old age pensioners, if this bill becomes law, at the thought of filling out a multitude of forms to comply with the terms of the bill. This will come home to the minister in the same way as Bob Cratchit and Marley's ghost home to Scrooge.

I take exception to the bill, Mr. Chairman. One of the first statements the minister made was that for one to suggest a means test was involved indicated one was either stupid or dishonest. I point out to the minister that the fact of the matter is that a test is involved. He calls it an income test but I suggest it is a mean type of test.

In the last few days he has taken great pride in pointing out that through this principle certain pensioners would receive more per month than they would with a flat rate, across-the-board increase. At one sweep of the pen without any administrative gobbledygook in interpreting this bill they would get a straight increase.

The minister has prided himself in saying that under the present bill the pensioners will get an increase of $30 a month. Compare this with what this party fought for in the election of November, 1965, an increase of $25 a month. Whether you call this test a means test, a needs test, an income test or MacEachen's test, the fact of the matter is that there are 50,538 pensioners in Nova Scotia in receipt of old age security payments. Taking 50,000 as a round figure, if an amendment moved in this house almost a year ago had been passed the pensioners of Nova Scotia would have received $25 a month supplement. Twenty-five dollars a month would have meant an extra $300 a year in the pocket of each pensioner and, multiplied by 50,000, some $15 million would have been provided our needy old age pensioners in Nova Scotia.

The minister castigated the opposition for suggesting an aboveboard, flat-rate increase of $25 a month. But the pensioners of Nova Scotia have lost $15 million over the past year because the minister and his colleagues sat on their derrieres. I suggest to the hon. member for Rosthern that the minister should not look ahead but to his derriere, because all of the actions of this government have been taken from the derriere. In suggesting that we on this side, who have tried to be constructive, have attempted to befog the issue and in standing up and repeating the words of the hon. member for Notre-Dame-de-Grâce that because we believe a test is involved we are either stupid or dishonest, the minister is departing from the standard of intelligence for which he has been known in certain areas of the country as well as in his native province.

I compliment the Minister of Transport, as I say, for this motion tonight because he has brought so many members into the house. He has many attributes I admire, but I am surprised to find him participating in this debate, having been close to the persons in power in 1951 when parliament decided that there would be no means test imposed upon the needy pensioners of this country. I do not care what the minister calls this test or even if he describes it in Gaelic. Fifteen million dollars could have been put into the pockets of 50,538 pensioners in Nova Scotia had the government not sat on its derriere.

I have noted with awe the sphinx-like silence on the part of the members from Quebec opposite. I have listened with great interest to the members on this side, as well as the members to my left and the independents as they have tried to explain the constitution to members who should be interested in the constitution. These 50 members opposite remind me of the sphinx of Egypt. It looks solid, it has been there for centuries, for aeons of time. The sands of time have whirled around the sphinx; nevertheless it still sits there, the winds, hurricanes and pressures of time billowing about it. It is just like the 50 members from Quebec who sit in their seats opposite silent and sphinx-like, with heads of rock and hearts of stone. They personify the sphinx, and unfortunately the sphinx personifies those opposite who have failed to participate in the very real constitutional issue involved in this legislation.

Mr. Knowles: Ten o'clock.

Mr. Nowlan: For this reason alone I am only too happy to participate in this debate. I will not repeat the constitutional arguments which have been made to those with hearts of stone and heads of rock across the aisle; I leave it to their conscience. But regardless of the fact that Nova Scotia is not like Quebec, which is a province of great bounty and wealth, we are concerned about the constitution, and there is no doubt that this legislation runs counter to and conflicts with provincial jurisdiction.

My third reason for participating in this debate, other than to engage in this nocturnal activity—

Mr. Knowles: Ten o'clock, Mr. Chairman.

Business of the House

• (10:00 p.m.)

Mr. Fulton: Would the hon. member permit me to move that the chairman of the committee rise and report progress?

Mr. McIlraith: And request leave to sit later this day.

Mr. Fulton: Would the hon. member permit me to move that the chairman rise and report progress? There is a matter which I wish to have taken up with Mr. Speaker. The committee could rise. The chairman could report progress and request leave to sit later this day.

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

AGREEMENT TO EXTEND SITTING FOR ONE HOUR

Mr. McIlraith: Mr. Speaker, between six o'clock and eight o'clock tonight there was a motion made that was contrary to an understanding that existed between the house leaders that such type of motion would not be moved between six and eight o'clock.

Some hon. Members: Hear, hear.

Mr. McIlraith: In the light of that understanding and in order to attempt to live up to it I wonder if the house would not consider agreeing to sit until eleven o'clock to make some progress on this matter.

Some hon. Members: Agreed.

Mr. Speaker: Is that agreed? It is so ordered.

Mr. MacInnis (Cape Breton South): May I ask the minister a question? Am I to understand that the Minister of Transport put his foot in it?

Mr. Speaker: Order, please. The order made earlier is rescinded and we shall now proceed under the new order.

Mr. Knowles: Mr. Speaker, I do not wish to add to the embarrassment of the Minister of Transport, but is it the understanding of the house leader that the rule, properly interpreted, should not have permitted the making of that category—

Mr. McIlraith: I want to clear this up if I may. I think it is very important. I am not quarreling with the interpretation of the rule but I indicated that we intended when we drafted the rule, and we did not do a very good job—

An hon. Member: As usual.

Mr. McIlraith: —that we would not use this rule between six o'clock and eight o'clock if five members objected. That was the understanding existing between the house leaders. Regrettably and understandably that was not conveyed to all hon. members and they relied on the rule as it reads.

OLD AGE SECURITY ACT AMENDMENT

PROVISION OF GUARANTEED INCOME SUPPLEMENT AND DETERMINATION OF PENSIONERS' INCOMES

The house resumed consideration in committee of Bill No. C-251, to amend the Old Age Security Act—Mr. MacEachen—Mr. Batten in the chair.

On clause 1—*Definitions.*

Mr. Nowlan: Mr. Chairman, because we have made such good progress in the last five minutes I will not hold up the completion of this bill. That progress was hastened by looking at the clock and by circumventing any Pickersgillian efforts to pollute the rules of this house. There is a third reason why I do not hesitate to participate in this debate. I have already repeated two arguments and I shall now come to the third. We are all somewhat agitated about the progress of the bill and I think there is real merit in discussing and debating what it contains. As I say, I will not repeat all the arguments. In two minutes I wish to summarize, and I can do it. I am reminded of the schoolteacher who in grade 3 tried to implant in me the basic lessons constituting the three R's. Without talking about reading, writing and arithmetic, I wish to go back to this bill and compare it not with the three R's but with the three I's.

I notice that hon. members opposite are not standing up. They have been noticeably silent about this bill. In talking of the three I's as they apply to this bill I say that the first of those I's is incentive. This bill kills any incentive for old people to work because it cuts away their means. Incentive therefore is the first I. The second I stands for investigation and, whether the minister knows it or not, it is investigation under the Income Tax Act. It surprised me to hear the Minister of Public Works stand up trying to imply support for this bill because in the debate on a similar bill in 1951, as reported on page 1353 of *Hansard*

for that year, the Minister of Public Works, then the parliamentary secretary to the minister of trade and commerce, said that no part of the Income Tax Act would be used without the previous consent in writing of the person making the return. That has been circumvented, because we shall have investigation.

The third I is inequality between the old age pensioners, those who have worked and saved a little of their income, and those who have not.

Mr. Knowles: And indignation.

Mr. Nowlan: Indignation is what people outside this house will feel.

An hon. Member: And indignity.

Mr. Nowlan: Yes, and indignity, to which you can add insult and many other I's. The bill is against incentive, it is for investigation and it will perpetuate inequality. It will add to the difficulties pensioners have with the high cost of living, lack of income and all the rest of it. I go back to the words of the hon. member for Argenteuil-Deux-Montagnes—

An hon. Member: Your two minutes are up.

Mr. Nowlan: Are they? The hon. member mentioned that if the gross national product in 1951 could provide a $40 or $50 old age pension, taking into account the same considerations the gross national product now could support a pension of $105 a month. The noise made by Scrooge's chains in the basement will be a heavenly minuet compared with the noise the chains binding the old age pensioners will make as those chains are prescribed in this bill.

Clause agreed to.

Clause 2 agreed to.

On clause 3.

Mr. Rynard: Mr. Chairman, I move:

That subsection (1) of new section 8 of clause 3 be amended by the addition of the following proviso thereto:

"Provided that no deduction shall be made in the case of a single person having earned less than three hundred and sixty dollars in the preceding year and in the case of a married person, otherwise qualified, having earned less than seven hundred and twenty dollars in the preceding year."

• (10:10 p.m.)

Mr. Knowles: On a point of order, Mr. Chairman, I indicated earlier that I wished to move an amendment to the new section 7 being enacted by clause 3. I believe that this comes ahead of the part which the hon. member for Simcoe East wishes to amend. Also, there is a rule which says that amendments have to be made in the order of the clauses concerned. I should therefore like to have an opportunity of putting my amendment ahead of the hon. member's.

Mr. Rynard: I would be glad to let mine stand for the time being.

The Deputy Chairman: We are now considering clause 3 and we shall go to the new section 6. Shall the new section 6 of clause 3 carry?

Mr. Knowles: Mr. Chairman, I wish to move two amendments. I will deal with them one at a time. The first is an amendment to subsection 1 of the new section 7. If hon. members will look at it they will see that it contains a limitation. The general purpose is that a guaranteed income supplement is to be paid to every pensioner commencing with the year 1967. However, by the words which follow the guaranteed income supplement will never be paid to persons born after the end of 1910. This means that persons who are now 56 years of age or older have this supplement to look forward to when they reach pensionable age, provided they qualify for it. But persons now under the age of 56 will not have this supplement available to them when they reach pensionable age no matter what their income may be.

I recognize that the plan to phase out the guaranteed income supplement is related to the time when the Canada Pension Plan benefits reach their maximum level. But there are two things to be said. First, it will never be the case that all Canadians will be covered by the Canada Pension Plan. Why, then, should we exclude from the notion of a guaranteed income level those persons who will not get benefits from the Canada Pension Plan ten years from now?

The other point is that the exclusion of such people is inconsistent, in my opinion, with the idea of increasing the basic amount of the old age security pension. This clause says in effect: we are moving toward a guaranteed income level but we are adopting it for only a limited period. If the idea of a guaranteed income is as wonderful as the minister makes it out to be, if it is to take its place with all the great pieces of social legislation about which the minister has boasted, why place it on such a temporary basis?

I shall have something to say about later clauses. I shall have other amendments to

move in an attempt to bring about further improvements which I believe should be made in this legislation. If I could make all the improvements I wanted to make I would, for one thing, turn the supplement into part of the basic pension. In any event, if this idea is as worth while as the minister pretends, why should we have its fruits only for the next nine years and then phase them out? If the plan is such a good idea, I suggest it be permanent in its effect. I therefore move:

That clause 3 of Bill C-251 be amended by deleting from sub-section (1) of the new section 7 being enacted thereby all the words after the words "every pensioner".

If hon. members will look at the clause they will realize that this has the effect of cutting out the words "born on or before the 31st day of December, 1910." The subsection as amended would then read:

Subject to this Part and the regulations, for each month in any year commencing with the year 1967, a monthly guaranteed income supplement may be paid to every pensioner.

I have copies of the amendment in my hand but I believe the table already has copies in line with the notice I gave earlier.

The Chairman: If there are any comments to make as to the validity of this amendment the Chair will be pleased to hear them.

Mr. MacEachen: I should like to argue that this amendment is not in order and that it should not be put to the committee. The effect of the amendment is, of course, to apply the benefits of the bill to all pensioners in perpetuity. If the principle argued by the hon. member were accepted it would do more than anything else to undermine confidence in the Canada Pension Plan and it would ultimately give the workers of Canada the right to complain that we perpetrated a fraud when the Canada Pension Plan was passed if we intended to introduce a parallel program which would exist in perpetuity. All kinds of questions would be raised as to equity between persons who were beneficiaries under the Canada Pension Plan and those who were beneficiaries under the income supplementation program.

Mr. Knowles: May I ask the minister a question, since he is speaking on the substance of the amendment? Why would a $105 old age security pension be any more contradictory to the principle of the Canada Pension Plan than a $75 old age security pension? How can $105 be a fraud and $75 not be? Where did the minister get that nonsense?

[Mr. Knowles.]

Mr. MacEachen: The Canada Pension Plan was passed and its benefits were related to a pension of $75.

Mr. Knowles: Was it frozen?

Mr. MacEachen: No, it was not frozen.

Mr. Knowles: Well, what are you talking about, then?

Mr. MacEachen: I am well aware of the sensitivity of the hon. member for Winnipeg North Centre on this point because the effect of his amendment would be to undermine confidence in the Canada Pension Plan and entitle the workers and contributors to that plan to conclude that this parliament had perpetrated a fraud because in the following year it had provided a parallel system of income support which would be bound to weaken the Canada Pension Plan. Why should people be asked to contribute to the Canada Pension Plan for benefits if, in certain income ranges, they could enjoy the same benefits from a general income support program? That is the question which my hon. friend has failed to answer, and just cannot answer. That is the conclusion; there is just no answer. But, Mr. Chairman, I do not intend to argue the substance because I suggest—

• (10:20 p.m.)

Mr. Barnett: The minister already has for five minutes. I suggest that makes the amendment in order for debate.

Mr. MacEachen: Presumably if the rule were to be applied the hon. member for Winnipeg North Centre should have presented his amendment and then sat down until it was determined whether it was in order before he made his argument in substance.

The resolution preceding this bill provides for "a measure to amend the Old Age Security Act, effective with respect to months beginning with January, 1967, to provide for the payment out of the consolidated revenue fund and for the charging to the old age security fund under that act of a monthly amount to be known as the guaranteed income supplement, to certain pensioners".

The expression "certain" was put in the resolution for the explicit purpose of confining the application of the measure to pensioners born on or before December 31, 1910. If that were not the purpose, Mr. Chairman, then the simple expression that has been used by the hon. member for Winnipeg North Centre, namely, "to pensioners thereunder" would have been used. The word "certain" in

the resolution is a limiting word which in my judgment makes this amendment out of order.

I refer to citation 246 in Beauchesne's fourth edition which reads in part as follows:

> The guiding principle in determining the effect of an amendment upon the financial initiative of the Crown is that the communication, to which the royal demand of recommendation is attached, must be treated as laying down once for all . . . not only the amount of a charge, but also its objects, purposes, conditions and qualifications.

We have qualified and conditioned the royal recommendation by including in it the expression "certain", with the intention that it would limit the application of the benefit to pensioners born on or before December 31, 1910. For that reason. I suggest that the amendment goes beyond the scope of the resolution because it widens the effect to include all pensioners and not certain pensioners as contained in the royal recommendation.

Mr. Knowles: Mr. Chairman, I rise on the point of order which the minister has raised, and I suggest that this is a very serious point of order affecting the question of whether or not parliament has any rights in this field at all. We all recognize the function of a royal resolution preceding a money bill. We recognize the rules and the citations and the requirements that a bill must not go beyond the specific conditions laid down in a money resolution. But there are also citations which say that care must be taken to draft a money resolution to cover the points that the government has in mind.

There was nothing whatsoever in the resolution that perceded this bill which suggested there was to be any cut-off in terms of the date of birth of a pensioner. For the minister to stand up and make the assertions that he did tonight is for the government to say, any time it brings in a bill, that there can be no change in it because "this is what we intended and that is it".

An hon. Member: Liberal arrogance.

Mr. Knowles: Yes, I am afraid the position the minister is taking tonight is one of arrogance. He has read the resolution and I invite Your Honour to read it. I find it at page 10707 of *Hansard* for December 5, and it reads as follows:

> That it is expedient to introduce a measure to amend the Old Age Security Act, effective with respect to months beginning with January, 1967, to provide for the payment out of the Consolidated Revenue Fund and for the charging to the old age security fund under that act of a monthly amount to be known as the guaranteed income supplement, to certain pensioners thereunder up to a maximum of 40 per cent of the amount of the pension payable under that act; to provide for the determination of the income of a pensioner for the purposes of such supplement and for appeals by pensioners against decisions or determinations made under that act; and to provide for other related and consequential matters.

The resolution made it clear that there was to be a limit as to the amount. The amount could not be more than 40 per cent of the amount of the pension provided under the Old Age Security Act. It made it clear that there was to be a provision for the determination of the income of a pensioner for certain purposes and so on, but there was nothing whatsoever in that resolution that said there would be any date in the bill phasing out this plan, that there would be anything in the bill that would say that people could not get this supplement if they were born after a certain date.

For the minister to take the position that the word "certain" in the resolution covered anything the government proposed to put in the subsequent bill means that from now on, if that position is supported, all resolutions preceding money bills can be extremely simple. All the government needs to do by way of resolution preceding a money bill is to say it is expedient to introduce a measure to provide certain things. Then we will get the bill and the things in that bill will be what the government intended, and the government can say that was what was contained in the royal recommendation.

I submit that we are back to the kind of procedural debate that we had when we were on the medicare bill, when we had many arguments over what was included or not included in the royal recommendation. Surely this resolution on its face indicates that there are some things that the government felt had to be covered—the amount of the pension, the question of the test and so on, but there was no reference whatsoever to a cut-off date such as is now in the bill. Therefore I submit, no reference having been made to it in the resolution, that the government has no legal right now to claim that we cannot move this kind of amendment.

I also point out that this is not the kind of a money resolution that sets an amount of dollars in any absolute figure. When we pass legislation of this kind which provides an allowance, pension or benefit we do not say that only so many thousands or millions of dollars can be spent. We pass a bill that lays down principles, and if people meet those principles the money has to be found to meet the payments. There is no over-all ceiling on the amount of money provided. It is simply a

matter of principle, and there was nothing in the resolution to say that one of the principles would be this cut-off date.

I submit there is more at stake in the procedural argument we are having now than just this bill. What is at stake here is the whole question of the right of the government to conceal what it has in mind when it is drafting a resolution, to say as little as possible, but by putting in that word "certain", or something like that, to be able to claim that parliament cannot make any kind of amendment. I submit, Mr. Chairman, that this point has got to be looked at very seriously, and I certainly contend that my amendment does not go beyond the terms of the resolution. As a matter of fact, my amendment accepts the alleged virtues of the resolution and says, if this is a good plan let us stay with it.

• (10:30 p.m.)

Since the minister did take some time to argue substance, perhaps I might point out again that it is no more inconsistent with the Canada Pension Plan to have an old age security provision of $105 a month or $150 a month than it is to have one of $75 a month. I suggest that argument was quite beside the point. However, I am keeping to the point of order and I contend that this amendment does not go beyond the terms of the resolution and should be allowed as in order.

The Chairman: Order—

Mr. Nasserden: Mr. Chairman, if I may, I should like to say that the resolution as proposed by the government refers to pensioners with different levels of income rather than what the minister referred to.

Mr. MacEachen: That is referred to in another sentence.

The Chairman: If the committee will permit me to make a ruling, I am prepared to do so now. I have had an opportunity to examine the amendment in the light of the resolution. The question before the Chair is not one of substance. The question before the Chair is whether or not the amendment is correct procedurally.

I should like to read part of citation 246 of Beauchesne's fourth edition:

> The guiding principle in determining the effect of an amendment upon the financial initiative of the Crown is that the communication, to which the royal demand of recommendation is attached, must be treated as laying down once for all (unless withdrawn and replaced) not only the amount of a charge, but also its objects, purposes, conditions and qualifications.

[Mr. Knowles.]

In the resolution reference is made to the amount of the supplement involved. In this particular case it says that the supplement is to be 40 per cent of the amount of the pension payable. Therefore in respect of that part of the resolution I do not think it would be possible to effect a change. In the amendment we have before us, however, we are dealing with limits which were not set in the resolution itself. I can understand the argument which the Minister of National Health and Welfare uses with reference to the word "certain". While I think the word "certain" does in some measure limit something, the word "certain" does not say by how much.

I should like to refer hon. members to citation 278 at page 227 of Beauchesne's fourth edition. Paragraph 4 reads as follows:

> The committee is not bound by the terms of the provisions which the ministers have inserted in the bill; and, when no amount has been mentioned in the resolution, any member may propose to increase the grants specified in the bill or to extend the application of the provisions of the bill, whatever may be the cost resulting therefrom, so long as the power conferred by the royal recommendation is not exceeded.

In the recommendation which we have before us I cannot accept the view that the limitation set by the word "certain" is exceeded. May I refer hon. members also to page 799 of May's seventeenth edition. I should like to read part of the paragraph at the bottom of the page:

> As, however, the power of amendment of the committee is not limited by the terms of the resolution which is before it, but by the resolution which has received the Queen's recommendation, namely the resolution by which it was appointed, it is within its powers to increase the amount, to extend the purposes and to dispense with the limitations of the expenditure actually proposed to it, so long as these changes do not extend the terms of the resolution recommended by the Queen.

It is my opinion that in the motion which we have before us the terms of the resolution preceding the bill have not been exceeded. I therefore rule the amendment in order. The hon. member for Esquimalt-Saanich.

Mr. Chatterton: Mr. Chairman, the amendment moved by the hon. member for Winnipeg North Centre in essence is exactly the same amendment I intended to propose, but I had agreed that the hon. member for Simcoe East should present his amendment first. Therefore I have no hesitation in concurring wholeheartedly in the amendment moved by the hon. member for Winnipeg North Centre.

I have had great respect for the ability of the Minister of National Health and Welfare

but I am sorely disappointed at the reason he gave for opposing this amendment, namely, that it would undermine the confidence of the people in the Canada Pension Plan. To me that is absolute and unadulterated rubbish. I am sure the minister must know this. He must know what the Canada Pension Plan provides for. He must know that it is a compulsory plan. No one can opt out of the Canada Pension Plan provided he fulfils the requirements in respect of income and so on. He is compelled to contribute. How can his confidence be undermined if he has no option but to contribute?

Mr. MacEachen: Do you not think that persons who are compelled by law to contribute have a just sense of grievance if there is a similar program providing levels of benefits to which no contribution is made? Would this sense of injustice not serve to undermine confidence in the plan?

Mr. Chatterton: Certainly not. These amendments which the minister is proposing say that income from the Canada Pension Plan is income for the purpose of the legislation. Therefore if anyone is in receipt of $60 a year or more under the Canada Pension Plan he automatically cannot receive any more benefit from this legislation. So the argument falls flat. Furthermore, during the ten year period in which this supplement is payable to the pensioners many pensioners will receive a pension during that time which will be in a much greater amount than that which will be received by people in 1977 and 1978. If the minister would study the evidence given during the hearings in respect of the Canada Pension Plan he would see that there will be hundreds and thousands of Canadians who will not receive any benefit from the Canada Pension Plan in 1976 or 1977 or maybe even by 1980. Any person who is self-employed, such as a Newfoundland fisherman, who consistently has a net income of less than $800 a year will receive no benefit from the Canada Pension Plan.

In 1961, the last year for which figures are available, there were over 101,000 Canadians who had no income whatsoever. There were over 600,000 Canadians who had an income of less than $1,000 a year. When the time comes in 1976 all these people, if born before 1910, will receive no benefit under the Canada Pension Plan and they will receive no benefit from this proposal. I am surprised at the attitude of the minister. Certainly the bill has shortcomings, but the bill would be improved greatly if this limitation of 1910 were removed. In that way everybody would be treated the same for all time. If you wish to make another adjustment and say that in respect of the Canada Pension Plan the adjustment will be dollar for dollar, that might be an improvement if the minister wishes to accept such an amendment.

In my opinion the minister is forgetting the fact that there will be hundreds of thousands of Canadians in 1976 who will receive no benefit from the Canada Pension Plan. These are the people who will need assistance because their income will have been so low due to illness and other reasons that they will not have been in a position to set aside any savings for their retirement. These provisions such as they are should be continued without reference to the date of birth of the pensioner.

Mr. Barnett: Mr. Chairman, if I recall my own birth date correctly, I believe I am under the line the minister is attempting to set by something like four months.

• (10:40 p.m.)

Let me say at the outset that I have no personal interest in the amendment proposed by the hon. member for Winnipeg North Centre. Like a number of other hon. members, I find myself completely amazed by the performance of the Minister of National Health and Welfare. Many of us do not always agree with his arguments but we normally expect some semblance of reason and logic. The only possible explanation I can think of regarding the argument which the minister attempted to advance under the guise of discussing a point of order is that he has been sitting too close to the Minister of Transport and has acquired some of the logical mania of that hon. gentleman.

The minister might have some possible ground in logic for his earlier argument if he had based it on the assumption that all of the people who would be eligible for the Canada Pension Plan would be drawing the maximun of $104 per month. Surely the minister must admit that a great many people, apart from those referred to by the hon. mmber for Esquimalt-Saanich, will receive no benefit from their contributions to the Canada Pension Plan. A large number of individuals who will be entitled to benefits from the Canada Pension Plan will not be drawing the maximum.

It does seem to me that anyone whose income from the Canada Pension Plan is such that it would make that individual eligible for

any of the benefits under this bill would be out of his mind to feel that anyone eligible for the benefits embodied in this bill was being better treated than him, or that anyone who was drawing $104 per month was being unjustly treated, even though he was getting a few dollars more as a result of this plan. Perhaps that is the type of thing the minister has in mind as being fair and equitable.

Let me suggest to the minister that he should reconsider his position in respect of the amendment proposed by my colleague, the hon. member for Winnipeg North Centre. The minister admitted to this house that no one whose income level was such that he would be eligible for benefits under this bill would begrudge the payment of these benefits. Surely to suggest that those of us who may contribute to the Canada Pension Plan might feel unjustly treated because in future years we would not receive these additional benefits is wrong. No one can accuse us of feeling unjustly treated because we are required to contribute to the Canada Pension Plan with the knowledge that it will do us no good.

Mr. Douglas: The reaction of the Minister of National Health and Welfare to the amendment proposed by my colleague, the hon. member for Winnipeg North Centre, demonstrates very clearly what a complete sham this so-called guaranteed income legislation is. When the minister found it necessary to do something about old age pensions, because of the pressure brought to bear not only by members on this side of the house but throughout the country, he brought in legislation to reimpose a means test on persons applying for old age assistance. In order to dress it up in high-sounding phrases the minister made speeches about a new concept in respect of pensions. He suggested that we were going to provide a guaranteed annual income. Certainly there is a great deal to be said in support of the general policy of providing a guaranteed annual income, not to be confused with the guaranteed pittance about which the minister is talking when referring to the old people of this country.

Let me remind hon. members that this is not a program to provide for a guaranteed income for everybody. As the minister has said, by the provisions of this legislation no one who reaches the age of 65 years in 1975 will be eligible for these benefits. In other words, this is simply a temporary relief measure by which the government intends to pay $30 per month to certain persons who can qualify on the basis of an income test. When the Canada Pension Plan becomes completely effective the $30 per month provided by this measure will be phased out. This measure will not do any individual any good who reaches age 65 after 1975.

The minister says that this measure after 1975 will undermine the Canada Pension Plan and that in the next few years there will be people who will qualify for benefits under the Canada Pension Plan. If they are able to qualify for these payments they will receive them but if they cannot qualify they will not. The difference is whether they will or will not qualify by 1975.

There will be thousands of people who cannot qualify for the Canada Pension Plan. In other words, what the minister is saying is that the $75 per month old age pension is to be frozen in perpetuity. The minister has suggested that the Canada Pension Plan will help the workers of this country. This will make very little difference in five or 20 years from now because the old age security pension plan will still provide a maximum of $75 per month.

Mr. Pickersgill: That is not what the minister said.

Mr. Douglas: That is exactly what he has said.

Mr. Pickersgill: The hon. member knows that he is continually misrepresenting the facts to the people of Canada.

Mr. Douglas: The increase will only be 75 cents—

Mr. Pickersgill: My hon. friend knows different, and he voted for this measure.

Mr. Douglas: The Minister of Transport need not tell me what I know. Let me tell him that I know a great deal more about this legislation than he obviously does, as demonstrated by the slimy trickery he tried to pull off this afternoon. If there is any person who should keep out of the debate it is the Minister of Transport. He has already done enough damage. If the Minister of National Health and Welfare wishes to get this legislation through—

• (10:50 p.m.)

Mr. Pickersgill: I accept the remark of the hon. gentleman but—

Mr. Douglas: If he wants to get this legislation through I suggest that he send the Minister of Transport to the Northwest Territories.

The Deputy Chairman: Order. The Minister of Transport wishes to rise on a question of privilege.

Mr. Pickersgill: On a question of privilege, Mr. Chairman, I accept from the hon. gentleman the adjective "slimy" as coming from one who is an expert.

Mr. Douglas: That is the kind of interjection that one could expect from an adolescent. If there ever was a demonstration of arrested mental development, we have just had it. I say to the Minister of National Health and Welfare that if he wants to get this legislation through with any expedition at all he should send the Minister of Transport to the Northwest Territories.

May I return to the point with which I was dealing before I was so rudely interrupted. The Minister of Transport says that there is an increase by virtue of the increased cost of living. Am I to take it then that the government says that the only increase there will ever be in the Old Age Security Act is the increase of 75 cents for each 1 per cent increase in the cost of living? Does this mean that the government never intends to give to the old people of this country any of the return that comes from increased national productivity? Does this mean that as this country increases its wealth and its production and as the general living standard rises, the old people are still to get $75 a month plus the small pittance which will be added by virtue of the fact that the cost of living has gone up? Is this all they can look forward to? This is what the government is saying, that the maximum increase for the cost of living will be 2 per cent regardless of whether the cost of living goes up 3, 4 or 5 per cent per year. The government has let the cat out of the bag. They have demonstrated that they never intended to bring down this legislation.

In the election of 1965 the government made two specific promises. One was to bring in medicare on July 1, 1967, and the other was the promise that old age pensioners would get $105 a month if they needed it. This was their program. They thought they were discharging the second commitment by bringing in the Canada Assistance Plan, and when the people of Canada and the members of the opposition made it perfectly clear that the Canada Assistance Plan based on the principle of need was unacceptable the government found it necessary to cook up some kind of legislation which would cover up their complete failure to deal adequately with old age pensions.

Instead of doing what members on this side of the house have been asking, what old age pensioners have been asking, what chambers of commerce, trade unions and farm organizations have been asking, namely, raise the old age pension to $100 or $105 a month to increase the earning power of the old people of this country commensurate with the nation's increased productivity, what did they do? They did not even have the honesty to come out and say, we are not going to give them an increased pension, we will give them a sort of relief bonus if they can pass a means test. Instead, they talked glowingly about a guaranteed annual income, and the inference was left that this was to be the beginning of a great new program of giving everybody a guaranteed annual income. This is what the press releases said and this is what the editorials said in the newspapers sympathetic to the Liberal party. This was the great step forward into a new epoch of social security, namely, a guaranteed annual income for every body. But when we see the bill it turns out that the guaranteed annual income is not granted.

Mr. McIlraith: Mr. Chairman, I wish to rise on a point of order. The hon. member is making a general speech about the bill. Surely the rule of relevance must be applied. What is now before the committee is an amendment to a particular clause in the bill. I wonder if the hon. member could not be requested to come back to the point before the committee.

Mr. Douglas: On a point of order, Mr. Chairman, I am dealing with subsection 1 of new section 7 which says:

> Subject to this part and the regulations, for each month in any year commencing with the year 1967, a monthly guaranteed income supplement may be paid to every pensioner born on or before the 31st day of December, 1910.

I am talking about the guaranteed income supplement and pointing out—

Mr. McIlraith: It is the amendment which is now before the committee.

Mr. Douglas: Exactly. I am pointing out that subsection 1 of new section 7 should be amended by striking out the words which would prevent any person born after 1910 getting this guaranteed income supplement. I am pointing out to the committee that this means that the government has no intention of establishing a guaranteed annual income. What they are providing here is a temporary

measure of relief to help the most needy persons until the Canada Pension Plan comes into operation. In the process of doing that they will deprive thousands of persons who are entitled to assistance and who will not get any benefits from the Canada Pension Plan. If we are going to give a guaranteed annual income, who is more deserving of such assistance than the people who are not covered by the Canada Pension Plan? There are thousands of people who will not be covered by that plan. The minister knows perfectly well that housewives, farmers, fishermen, many small self-employed persons and small businesses are not covered by the plan.

The Deputy Chairman: Pursuant to the previous order made by the house that the committee should rise at eleven o'clock it is my duty to rise, report progress, and ask leave to sit again.

Progress reported.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, tomorrow we propose to continue the discussion of the measure which has been under consideration this evening. At this point I should add that the negotiations concerning the air traffic controllers are continuing. We anticipate that there may be a need to interrupt the proceedings tomorrow at any time to consider that matter. I cannot anticipate what will happen but I thought I should add this warning.

• (11:00 p.m.)

Mr. Starr: Mr. Speaker, in view of the lateness of the hour, and as the staff are involved, could we adjourn today's session now and forgo the usual adjournment debate?

Mr. Speaker: Is it agreed that we do not proceed with the adjournment debate?

Some hon. Members: Agreed.

It being two minutes after eleven o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Friday, December 16, 1966

The house met at 11 a.m.

ADMINISTRATION OF JUSTICE

MR. JUSTICE LANDREVILLE—PERSONNEL OF COMMONS ON JOINT COMMITTEE

Mr. Bernard Pilon (Chambly-Rouville): Mr. Speaker, I move:

That a message be sent to the Senate to acquaint Their Honours that this House will unite with them in the formation of a Special Joint Committee to inquire into and report on the expediency of presenting an address to His Excellency praying for the removal of Mr. Justice Leo Landreville from the Supreme Court of Ontario, and that the Members to serve on the said Committee, on the part of this House be composed of: Messrs. Bell (Carleton), Brewin, Cashin, Choquette, Coates, Fulton, Laflamme, Patterson, Richard, Stafford, Tolmie and Woolliams.

Motion agreed to.

• (11:10 a.m.)

BUSINESS OF THE HOUSE

AIR TRAFFIC CONTROL—EXTENSION OF SITTING HOURS TO DISCUSS LEGISLATION

Hon. G. J. McIlraith (Minister of Public Works) moved:

That, notwithstanding the provisions of any standing order to the contrary, on Friday, December 16, 1966, the hours of sitting shall be from 11 a.m. to 6 p.m., and from 7 p.m. until 10 p.m., that the hour for the consideration of private members' business in the said sitting shall be suspended, and that, on Saturday, December 17, 1966, the house shall meet at 11 a.m. and sit without interruption until 6 p.m., and that the order of business and procedure for the said sitting shall be as for a Friday except that there shall be no private members' hour.

Hon. Michael Starr (Ontario): It would be agreeable to pass this motion, provided it were understood that the extra time made available by the motion would be used to deal with the discussion of the air traffic control dispute only.

Mr. McIlraith: That would be agreeable. The purpose of the motion is to permit us if necessary to deal with the proposed legislation relating to air traffic control services.

Hon. Gordon Churchill (Winnipeg South Centre): Are we quite clear on this, now? We do not want any confusion, as there has been in the last couple of days. I move as an amendment the addition of the following:

—and that the only order of business to be considered during the extended sittings shall be the measure to consider the continuation of air traffic control services.

Mr. McIlraith: Agreed.

Mr. T. C. Douglas (Burnaby-Coquitlam): If that amendment were moved and accepted by the government—

Mr. Starr: It has been.

Mr. Douglas: I believe it would meet the wishes of everyone concerned. Otherwise, if the present dispute were settled satisfactorily today, we would be required to sit this evening and tomorrow in the absence of any particular emergency, and we see no necessity for that.

Mr. Raymond Langlois (Mégantic): I am of the same opinion, provided it is understood that we should sit to deal with this emergency and for no other reason. We would be willing to consider this motion if the government were prepared to amend it accordingly.

Mr. Starr: They have accepted the amendment.

Amendment (Mr. Churchill) agreed to.

Motion as amended agreed to.

HOUSE OF COMMONS

PERMISSION TO GOVERNMENT TO SUBMIT EMERGENCY LEGISLATION WITHOUT NOTICE

On the order: Government Notices of Motion:

(a) That standing order 41 be renumbered 41 (1), and the following be added thereto:

(2) Notwithstanding section (1) of this standing order, Mr. Speaker may cause to be prepared and circulated a supplementary order paper giving notice of any government business received by him during any extended adjournment of the house.

(b) That standing order 42 be rescinded and the following be substituted therefor:

42. (1) A minister of the crown may at any time, notwithstanding any standing order, in relation to any matter of urgent public importance, make a motion to suspend any standing or sessional order or orders relating to the need for notice, the hours of sitting on any day or days, and the number of stages of proceedings to be taken on any day or days.

(2) Upon the making of such a motion, the house shall not be adjourned until it is disposed of and, after the minister has explained the reason for the motion, Mr. Speaker may permit debate thereon for one hour and shall then forthwith submit the question to the house without amendment or further debate. If ten or more members rise to object, the Speaker shall deem that the motion has been withdrawn.

(3) The suspension permitted under this standing order shall not extend to any proceedings not specified in the motion made under this order—The Minister of Public Works.

Mr. Speaker: Pursuant to section (2) of standing order 21 this notice of motion is transferred to and ordered for consideration under government orders later this day or at the next sitting of the house.

Mr. McIlraith: Mr. Speaker, there may be some urgency in considering this matter and some suggestions of amendments have been made. I would like the right to revert to it later in the day, if that were agreeable to the house and it were thought desirable, bearing in mind the possible necessity for some kind of order relating to the emergency of legislation. I put forward that precautionary note.

Mr. Stanley Knowles (Winnipeg North Centre): Is it not the case under the rule which Your Honour has just cited that it is up to the government?

Mr. Speaker: Exactly. It is under government orders that it will be taken up later this day.

SMALL BUSINESSES LOANS ACT AMENDMENT

BROADENING OF LENDING PROVISIONS

Hon. Mitchell Sharp (Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Small Businesses Loans Act to extend until December 31, 1969 the time during which guaranteed improvement loans may be made under the Act; to extend the guaranteed loan provisions of the act to cover loans made to small businesses engaged in construction, transportation or communications; to remove the restriction that now applies in the case of loans made under the act for the purpose of constructing or purchasing premises; to increase the maximum limit that now applies with respect to the annual gross revenue of a small business enterprise from $250,000 to $500,000; to provide that the aggregate principal amount of all guaranteed business improvement loans made by banks during the new lending period shall not exceed $300,000,000; and to provide further for certain changes in connection with the administration of the act.

Motion agreed to.

[Mr. Starr.]

JUDGES ACT AMENDMENT

PROVISION FOR ADDITIONAL COUNTY COURT APPOINTMENTS

Hon. Lucien Cardin (Minister of Justice) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to amend the Judges Act to provide salaries for one additional Ontario county court judge and one additional British Columbia county court judge.

Motion agreed to.

AIR TRANSPORT

AIR TRAFFIC CONTROL—MEASURE TO ENSURE CONTINUATION OF SERVICES

Hon. G. J. McIlraith (for the President of the Treasury Board) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to provide for the continuation of air traffic control services; to provide also for an increase in the remuneration of air traffic controllers.

He said: Mr. Speaker, is it clear that this use of the words "next sitting" refers to today's sitting?

Mr. Stanley Knowles (Winnipeg North Centre): No, not without unanimous consent.

Mr. Speaker: I understand that "next sitting" means next sitting. Is it the pleasure—

Mr. McIlraith: Mr. Speaker, I want to ask that we have unanimous consent to consider it at this sitting, if it becomes necessary to do so.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I would suggest the house leader ask for that when the necessity arises. Probably it would be much easier to get it then than now.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I agree with you that "next sitting" must be taken as meaning the next sitting. There is no argument about that. But is there not a method of saying that it be taken at the next sitting or later this day, as the case may be?

Mr. Speaker: Actually this suggestion was made by the Minister of Public Works (Mr. McIlraith), but this would have to be done by unanimous consent.

Mr. McIlraith: Mr. Speaker, there seems to be a doubt as to whether or not it will be required that we consider this later on in the day, and I am not in a position to give an absolutely firm answer to that question. Perhaps in view of that I should ask that the motion stand until we know precisely what the situation is, and I would ask that I have the right to revert to motions and raise the matter again later in this sitting.

Mr. Knowles: Mr. Speaker, we are not being difficult with respect to the substance of what the government is placing before us, but we do think that standing order 21 should be observed. We observed it with respect to the other matter because it came under standing order 21(2); we handled it properly. But here a matter under standing order 21(1) is posted for consideration at the next sitting of the house. However, it is always possible for the government to ask, when the time comes, for unanimous consent to deal with a matter that is urgent. The motion has been carried which makes this an order for the next sitting of the house, but it is up to the government to ask for it later in the day, if it wishes.

Mr. Speaker: Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

BANKRUPTCY

NORTH AMERICAN GENERAL INSURANCE COMPANY—INVESTIGATION RESPECTING COLLAPSE OF COMPANY AND PARTICIPATION IN FRAUDULENT PRACTICES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, as this matter covers several departments I should like to direct my question to the Prime Minister. It has to do with the North American General Insurance Company, which is a federally incorporated company, a subsidiary of Prudential Finance, and other companies today causing tremendous losses to Canadian workers, pensioners and investors, and a loss of faith in financial institutions.

I should like to ask the Prime Minister what investigation has been undertaken by the Department of Insurance into the circumstances surrounding the collapse of the North American General Insurance Company. I should also like to ask whether there is any truth in the statement, apparently well supported by documentary evidence, to the effect that in January, 1966, William Gruber made allegations of fraud and misappropriation to officers of the Department of Insurance, the Department of National Revenue and the bankruptcy division in respect of Prudential Finance, one of the associated companies.

What action does the government intend to take so that people, who have suffered grievously as a result of financial manoeuvring and manipulation, will have some hope that their savings will not be lost to them, especially since they relied on the fact that this is a dominion company?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have discussed this matter with the Minister of Finance who has been investigating it. I am going to ask him to reply to the questions.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the steps which were taken by the Superintendent of Insurance relating to the North American General Insurance Company already have been put before the house in answer to previous questions. I might add that since receiving information concerning the statement made by Mr. Gruber I asked the Superintendent of Insurance specifically whether he had received such information and what he did about it. I am advised that Mr. Gruber had conversations with Mr. Humphrys, the Superintendent of Insurance, and also with Mr. Brereton, the chief examiner of the department.

Mr. Diefenbaker: When?

Mr. Sharp: In January of this year. Mr. Gruber said that he had information to disclose which would be significant to anyone concerned about the affairs of Prudential Finance or its subsidiaries, but would only make the disclosure if he was offered legal protection. It was impossible for the Superintendent of Insurance to offer him legal protection under the law. The Superintendent of Insurance did, not as a result of information given by Mr. Gruber but because the Superintendent of Insurance himself was concerned when the North American General Insurance Company was purchased by Prudential Finance—

Mr. Diefenbaker: When was that?

Mr. Sharp: I think I gave the information earlier. I do not have it in front of me now, but it is some months ago. The Superintendent of Insurance was concerned at that time about any changes in management practices that

would take place as a result of the change of ownership. At that time he advised the North American General Insurance Company not to buy or invest in any notes of its parent company, and it never did.

Mr. Diefenbaker: What about the average Canadian; was there any warning given to him?

Mr. Sharp: So far as the federal government is concerned its responsibility was only in respect of the North American General Insurance Company.

Mr. Howard: The public be damned.

Mr. Sharp: It was as a result of the investigations made by the Superintendent of Insurance regarding the change of ownership that a close watch was kept of the affairs of the North American General Insurance Company. It was as a result of that careful watch that a great many special investigations were made, which resulted in the discovery of the theft of securities. There has been no other activity on the part of the North American General Insurance Company which was in any way illegal or contrary to the law. Of course the theft of the securities resulted in the default of the company.

Mr. Erik Nielsen (Yukon): I have a supplementary question, Mr. Speaker, which I should like to direct to the acting minister of national revenue or the Minister of Finance. What action did the government take as a result of information received last January in respect of specific allegations of fraud involving $2 million and frauds in respect of income tax laws and bankruptcy proceedings?

Mr. Sharp: Perhaps I can answer the question on behalf of the Minister of National Revenue.

Mr. Diefenbaker: You had better consult him.

Mr. Sharp: Mr. Gruber did provide some information to that department. As hon. members know, it is illegal for any officer of the Department of National Revenue to discuss the affairs of any income taxpayer with anyone.

Mr. Diefenbaker: Mr. Speaker, surely in regard to a matter which involves the loss of millions of dollars the minister is not going to hide behind the question as to whether an income tax revelation was made. Was evidence of fraud given by Mr. Gruber, who had knowledge of this matter, and what action did the government take between the months of January and September or October, when information was available about this theft?

Mr. Sharp: Mr. Speaker, I do not think the right hon. gentleman would wish to suggest that there are any circumstances under which an officer of the income tax branch should discuss the affairs of any income taxpayer with anyone else. I have heard the right hon. gentleman defend that principle on a number of occasions.

An hon. Member: Answer the question.

Mr. Diefenbaker: That is just a smokescreen, Mr. Speaker. I would like the minister to indicate what the Department of National Revenue and the bankruptcy division did after the message was received in January from Mr. Gruber to protect Canadians against the possible loss of money as a result of frauds that were revealed by Mr. Gruber.

Mr. Sharp: Mr. Speaker, I am satisfied, so far as my responsibilities as Minister of Finance are concerned, that every precaution was taken to make sure that companies under our jurisdiction did not act in an illegal way. I am confident that the Superintendent of Insurance did everything he could to protect the positions of the policy and shareholders of this company.

Mr. Diefenbaker: What did he do?

Mr. Sharp: So far as income tax information is concerned, I do not think there are any circumstances under which the affairs of a taxpayer should be discussed with anyone, either a member of the government or anybody else.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, my question is supplementary, but perhaps it should be directed to the Minister of Justice. Is it not a fact that Mr. Gruber, who was an accountant, informed the Superintendent of Bankruptcy in January about his allegations regarding wholesale fraud and losses affecting this particular company? What action was taken by the Department of Justice or the Superintendent of Bankruptcy in regard to these allegations?

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, there have been several allegations of pre-bankruptcy fraud during the year. I am not sure whether Mr. Gruber actually made an allegation in this particular case. If he did, I am absolutely convinced that

the Superintendent of Bankruptcy would have taken all necessary steps to avoid any such incident.

An hon. Member: What did he do?

Mr. Brewin: A further supplementary, Mr. Speaker. Will the Minister of Justice inquire, if he does not know, just exactly what information was given to the Superintendent of Bankruptcy in January by Mr. Gruber, and what action, if any, was in fact taken?

Mr. Cardin: Mr. Speaker, if Mr. Gruber did give any information, I would be happy to report it to the house.

Mr. Nielsen: A supplementary question, Mr. Speaker. Did not Mr. Gruber, in January of 1966 inform the minister and the Superintendent of Bankruptcy, over whom the minister had jurisdiction at the time, that several cheques of a fraudulent nature had been written by officials of Prudential for half a million dollars each? If the minister felt this did not fall within his jurisdiction or that of the Superintendent of Bankruptcy, did he have any discussions with or pass that information on to the Attorney General for Ontario?

Mr. Cardin: I do not know whether Mr. Gruber made any allegation to the Superintendent of Bankruptcy, but it did not come to my attention.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I have a supplementary question for the Prime Minister. Following all the statements and troubles we have had with fraudulent bankruptcies in the country, including this most recent one, in view of the whole situation does the Prime Minister contemplate having a royal commission inquire into this subject matter as soon as possible?

Mr. Pearson: No, Mr. Speaker; I do not think a royal commission would be helpful in the circumstances.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question, Mr. Speaker. The Minister of Finance has said that the Superintendent of Insurance discovered the theft of some half a million dollars of securities from the North American General Insurance Company. When did the Superintendent of Insurance discover this theft?

Mr. Sharp: In November, Mr. Speaker. He made an inspection in September, and everything was in order. The theft apparently occurred in the month of October. He discovered it early in November.

Hon. E. D. Fulton (Kamloops): A supplementary question, Mr. Speaker. I would ask the Minister of Finance the nature of the protection or immunity asked for by Mr. Gruber, and did he say why he felt he required it? Of what was he afraid?

Mr. Sharp: Mr. Speaker, I am advised that he felt legal action might be taken against him by third parties.

Mr. Fulton: In what respect?

[*Later:*]

Mr. Erik Nielsen (Yukon): Mr. Speaker, I should like to ask a question supplementary to the one asked by the hon. member for Kamloops. I direct my question to the Minister of Finance. Is it the minister's information that Mr. Gruber was in fact the auditor for the Prudential and that group of companies?

Mr. Sharp: Mr. Speaker, I gather that Mr. Gruber was employed by the auditor of the Prudential group, and was dismissed.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I have a supplementary question, Mr. Speaker. This matter cannot be brushed aside quite as easily as the minister is attempting to do. Will the minister table the letters received in January, 1966, from Mr. Gruber, and the replies from the Department of Insurance, the Superintendent of Bankruptcy and the dominion department of income tax? Will he produce the letters and the replies so we can understand what happened between January and September, when apparently nothing was done? I want to ask the minister, too: Is the government not going to give any consideration to protecting these poor people who have lost their all, relying on the fact that these corporations are subject to inspection?

Mr. Sharp: Mr. Speaker, I will look into the first question asked by the right hon. Leader of the Opposition. I am not quite certain what correspondence is on the file.

Mr. Diefenbaker: I thought you knew.

Mr. Sharp: I shall have to add this word, however. I do not think it would be appropriate for any minister to table correspondence that would reveal the income tax position of any taxpayer in this country. I would adhere to this position, notwithstanding the representations of the right hon. gentleman. On the second point, the question of responsibility is divided here between the federal and the provincial governments. The real issue here, I

regret to say, is that the laws of Ontario do not protect the investors and the policy holders of provincial companies as well as they should.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: We are talking about the dominion laws, laws administered by this department, the department represented by the Minister of Finance. We are asking what you are going to do about it? Not somebody else. What are you going to do for these people who invested, and relied on these companies being reliable?

An hon. Member: Accept your responsibility.

Mr. Sharp: Mr. Speaker, I have made it quite clear that I take full responsibility as far as the administrative responsibility of the federal government is concerned, and that relates at the present time to federally incorporated insurance companies. In that respect I have outlined to the house clearly the responsibility that I have accepted. I am willing to answer any questions about this matter. It was a question of fraud and of theft, against which it is very difficult to protect investors or policyholders. I have called the insurance companies together for January to discuss how we could improve our legislation, and I am prepared to recommend to this house whatever is found to be necessary. But I cannot accept responsibility for the administration of Ontario.

Some hon. Members: Hear, hear.

Mr. Nielsen: A supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. The hon. member for Skeena (Mr. Howard).

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a supplementary question to the Minister of Justice. I wonder if the minister could tell us whether any of the experts in the field of bankruptcy had knowledge of this matter in June of this year and did not disclose it—experts who happen to be in this house, incidentally?

Mr. Cardin: No, Mr. Speaker.

Mr. A. D. Hales (Wellington South): I should like to direct a question to the Minister of Finance. Did the Superintendent of Insurance as early as last January, when he knew that something was wrong in this particular company, check to see whether the securities were on hand and in possession of the company?

[Mr. Sharp.]

Mr. Sharp: Yes, Mr. Speaker. There were no irregularities as far as the Superintendent of Insurance could discover until his audit in November. His audit in September showed that everything was in good order.

Mr. Nielsen: I have a supplementary question for the Minister of Justice. Will he obtain for tabling, and table, copies of the correspondence sent to the Superintendent of Bankruptcy in January 1966 and the replies thereto?

Mr. Cardin: Mr. Speaker, if there is such correspondence and if it is not confidential in any way, and if it is possible for me to do so, I will.

Mr. David Orlikow (Winnipeg North): A supplementary question. I should like to ask the Minister of Finance whether, when Mr. Gruber brought to the attention of the Superintendent of Insurance the information which the minister says could not be processed by the federal government, the Superintendent of Insurance or any other federal government official suggested to the proper and responsible officials of the Ontario government that they might well look into the affairs of the Prudential company?

Mr. Sharp: Mr. Speaker, it is my understanding—though of course I can only speak from what might be termed hearsay—that Mr. Gruber also made his information available to the Ontario government, which was primarily responsible in this matter.

TRADE

REQUEST FOR INTRODUCTION OF NATIONAL CO-OPERATIVES LEGISLATION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the right hon. Prime Minister. Some weeks ago he assured the house that a committee was preparing a draft of legislation respecting co-operatives. In view of the fact that the co-operative movement has been urging the introduction of such legislation for several decades now, could the Prime Minister give the house any assurance that co-operative legislation will be introduced at this session, or at least early in the next session?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the government hopes to be able to consider the draft bill shortly. After that consideration I will be able to make an announcement to the house as to when it could be introduced.

[*Translation*]

INCOME TAX

INCREASE IN BASIC EXEMPTION

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I have a question for the hon. Minister of Finance and Receiver General.

Will the hon. minister propose that the basic income tax exemption be raised, when he tables his mini-budget, next Monday?

[*English*]

UNITED NATIONS

SOUTH KOREA—WITHDRAWAL OF FORCES

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is for the Prime Minister. Considering Canada's recent initiative to seat mainland China in the United Nations, could the Prime Minister tell us whether Canada has stated its position on the two resolutions to come before the United Nations Assembly concerning the withdrawal of United Nations forces from South Korea?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to look at the text of the two resolutions before I reply in detail to the question. My hon. friend has probably read that the government of Korea has asked that no steps be taken to change the present situation in regard to UN forces in that country. I will have a look at the text of the resolutions.

ROYAL CANADIAN MINT

LIKENESS OF SCHOONER "BLUENOSE" ON COINS

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I should like to direct a question to the Minister of Finance. In view of the interest among maritimers, and all seamen who have ever sailed a ship and felt the salt spray on their faces, is it the intention of the government to return the likeness of the Lunenburg schooner *Bluenose* to the back of the Canadian dime in 1968, after issuing the special coins struck for our 100th anniversary?

Mr. Speaker: The question should be placed on the order paper.

Mr. Crouse: Mr. Speaker, I believe this matter is of such urgency in the Atlantic provinces and the whole of Canada that the minister would welcome an opportunity to reply.

Mr. Speaker: Order, please.

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—CLEMENCY TO TRADE UNION LEADERS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to direct a question to the Solicitor General. On December 5 last I asked the Solicitor General, in keeping with the spirit of good will at this season of the year, whether the government would consider granting clemency to the trade union leaders jailed in British Columbia, so that they will be able to join their families for the Christmas season. The hon. gentleman replied that the matter was still under consideration. Has he any further information to give the house with respect to his consideration of this matter?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I hope to be able to answer this question on Monday.

GRANTING OF AMNESTY ON CENTENNIAL VISIT OF HER MAJESTY

On the orders of the day:

Mr. Frank Howard (Skeena): A supplementary question. I wonder whether I could ask the Solicitor General if on Monday he will also be able to advise the house about government policy with respect to clemency next year, in view of the centennial and the visit of Her Majesty, thus reviving the traditional way of giving clemency.

CANADIAN PACIFIC RAILWAY

ROCKGLEN-KILLDEER, SASK.—ABANDONMENT OF LINE

On the orders of the day:

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, yesterday the hon. member for Assiniboia asked me a question in which he quoted a letter from the secretary of the Board of Transport Commissioners to the effect that a certain branch railway line was "eligible for abandonment", without waiting upon the passage of Bill No. C-231. Several other hon. members at an earlier sitting raised similar questions including reference to representations from the Branch Lines Association of Manitoba.

Inquiries of the Ministry

I had not previously seen the letter from which the hon. member quoted—that is, the letter from the secretary of the board—which I readily admit is ambiguously worded. I am assured it was merely intended to indicate that the board was free, in respect to the unprotected lines, to begin assembling the necessary up to date information which would be required when the time came to hold hearings, and that there was no intention of holding any such hearings before January 1, 1967, when the board had anticipated the new legislation would be in effect. I have now received an assurance from the chairman of the board that no hearings will be held while Bill C-231 is before parliament. I regret very much that this misunderstanding has arisen.

[*Translation*]

LABOUR CONDITIONS

DISCUSSIONS RESPECTING POLICY ON MANPOWER

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I wish to direct my question to the hon. Minister of Manpower and Immigration.

In view of the decision made by the government of Quebec to open employment offices in all 108 constituencies of that province, has the hon. minister recently met with the Quebec minister of labour, and discussed with him certain principles governing manpower and the authority of both levels of government?

Hon. Jean Marchand (Minister of Manpower and Immigration): No, Mr. Speaker, I have not had this opportunity.

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, may I put a supplementary question to the hon. Minister of Manpower and Immigration?

Can the hon. minister tell us whether the Quebec government is pursuing negotiations toward a federal-provincial agreement on a manpower retraining program?

Mr. Marchand: Mr. Speaker, officials of the department and the provincial government have met. I understand that an agreement has almost been finalized and should be signed eventually.

[*English*]

AIR POLLUTION

EFFECT ON HEALTH OF FAILURE TO ADOPT EXHAUST CONTROL DEVICES

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, yesterday I addressed a question to the Minister of National Health and Welfare about Canadian standards relating to air pollution control being similar to United States standards. In a supplementary answer the Minister of Industry said, as reported at page 11151 of *Hansard*:

> I do not think, as the Minister of National Health and Welfare pointed out, that it has been established yet that the health of Canadians in a great many Canadian communities would be adversely affected by failure to adopt this particular exhaust device.

Was this statement made on the basis of advice given to him or his officials by an official or officials of the automobile industry?

Hon. C. M. Drury (Minister of Industry): No, Mr. Speaker. I think this is a most unfortunate insinuation as well, if I may add that.

Mr. Grafftey: A supplementary question. Who gave the minister the advice on which he based this statement?

Mr. Drury: Mr. Speaker, I do not think I need to seek advice when I say that it has not been established to my satisfaction. If I may cite the example of the hon. gentleman's constituency, I do not think it has been established that the health of the citizens in communities in his constituency suffers from the lack of this device.

Mr. Grafftey: In my constituency there are no centres with over 50,000 population. May I ask a further supplementary question.

Mr. Speaker: Order, please. This is now developing into a debate between the minister and the hon. member and I do not think it should be pursued further along those lines.

Mr. Grafftey: A further supplementary question, Mr. Speaker. Did the minister before making that statement consult people who were taking measurements of pollution in our large urban centres in Canada?

Mr. Woolliams: Such as Montreal.

Mr. Drury: Mr. Speaker, I do not think I was referring to large urban centres when I made this statement. It had not been established that this was necessarily so in all communities in Canada.

INDUSTRY

CANADA-U.S. AUTOMOTIVE AGREEMENT—EXTENSION TO INCLUDE REPLACEMENTS

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to direct my question to

the Minister of Industry. Is it the government's intention to extend the Canada-United States car treaty into the field of replacement parts, tires and tooling?

Hon. C. M. Drury (Minister of Industry): As I think the house is aware, Mr. Speaker, this agreement will be coming up for review in the not too distant future. At that time, and as a consequence of the review, a decision will be taken in respect to the hon. gentleman's question.

Mr. Hales: A supplementary question. Would the minister give the assurance that all those interested in these various trades will be consulted?

Mr. Drury: Mr. Speaker, in the negotiation of the original agreement there was very extensive consultation with all those interested. Their views were sought and considered, and such would be the practice with respect to the review.

TRANSPORT

FREEZE ON ABANDONMENTS DURING CONSIDERATION OF NATIONAL POLICY

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the Minister of Transport. I understood him to say in the house the other day that there would be a freeze on any rail line abandonment. I am still getting notification of applications to the Board of Transport Commissioners for abandonment. Would the minister reassure the house that no abandonments will take place until this new bill is through?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I think that if the hon. gentleman would read the answer which I have just given to the hon. member for Assiniboia it will answer his question.

ROYAL CANADIAN MOUNTED POLICE

EDMONTON, ALTA.—COMPASSIONATE PAYMENT TO WIDOW ON DEATH OF CONSTABLE

On the orders of the day:

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I have a question I should like to address to the Solicitor General in connection with the death of the 23 year old R.C.M.P. constable in Edmonton who was shot, and who had been married less than 90 days. Is the cabinet going to make any compassionate payment to his young widow in view of the very short service of this officer, the fact that he had only been married about 90 days, and because he died as a result of a criminal act?

Mr. Speaker: It is difficult for the Chair to intervene in a matter such as this. Perhaps hon. members might want to make an exception to the rules and allow the minister to answer the question.

Some hon. Members: Agreed.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, we shall follow the policy laid down within the department in a matter of this kind.

Mr. Cowan: May I ask what the policy is?

Some hon. Members: Oh, oh.

FISHERIES

MCIVOR REPORT—MARKETING OF FRESHWATER CATCH

On the orders of the day:

Mr. Ed. Schreyer (Springfield): My question is addressed to the Minister of Fisheries. Can the minister tell the house what concrete action, if any, is being taken as a consequence of the report he received more than two months ago from the royal commission of inquiry into freshwater marketing.

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, a meeting of the federal-provincial committee on fisheries was held in Ottawa on Tuesday of this week to consider the McIvor report. The committee was also attended by the representative of the Department of Trade and Commerce. Also attending were officials of the provinces of Manitoba, Saskatchewan, Alberta, Ontario and of the Northwest Territories.

Following this meeting a special working party of federal and provincial officials, including officials from the Northwest Territories, was assigned the task of studying in detail the recommendations of the report and its implication. The party was asked to report as soon as its study is completed.

LABOUR RELATIONS

PACIFIC COAST LONGSHOREMEN DISPUTE—TERMS OF REFERENCE OF COMMISSION OF INQUIRY

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Labour arising out of the announcement he

made yesterday about the personnel of the inquiry commission to consider the Pacific coast longshoremen dispute. I ask the minister first whether he will table the order in council setting out the terms of reference of this commission and, second, if the minister at this time could tell us about the timetable under which this commission would work to make its report.

Hon. J. R. Nicholson (Minister of Labour): I will be very pleased to table a copy, not of any order in council, but of the order signed by the Minister of Labour, establishing the commission. The timetable for the hearings has been discussed with the commissioner and with the two assessors. There have been some discussions with parties involved.

In view of the conditions existing in Vancouver and other ports, the backlog—and I might say that encouraging progress has been made in cleaning up the backlog—and because of the holidays, it is understood that the commissioner will open the inquiry on or about January 17. In the meantime both sides will be notified of the date and they will be able to prepare their respective cases.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. I ask the Minister of Labour if, in the settlement he arranged between the two parties to the dispute, the right of grievance regarding wages and conditions of employment for the foremen is guaranteed in perpetuity? Or, on the other hand, is the agreement merely temporary, pending the report of the commission of inquiry?

Mr. Nicholson: An assurance has been given by the stevedoring companies concerned that they will introduce this grievance procedure. One of the terms of settlement agreed to by both sides, however, is that the grievance procedure that I suggested should be referred to the commissioner who of course, will seek the advice of the assessors in the matter. He will consider this matter and bring down his views. He will let us have the benefit of his views on the subject matter. What happens thereafter may well depend to a large extent on the commissioner's report.

Mr. Douglas: A further supplementary question, Mr. Speaker. So that there is no misunderstanding or future debate on this, can the minister clear this matter up. The impression I got from his statement to the house when the settlement was reached was that the formula the minister had submitted and the union accepted was part of the settlement. The statement made by Mr. Strang of the B.C. Employers Association was that this was a temporary concession. The minister might clarify this position, so that there is not another dispute on the waterfront.

Mr. Nicholson: I do not think there is any real difficulty. I cannot assume responsibility for Mr. Strang's statements. In my view, the exchange of telegrams with union and company officials clarifies this point.

[*Later:*]

Mr. Donald MacInnis (Cape Breton South): I have a question for the Minister of Labour relating to a question asked by the Leader of the New Democratic Party. The Minister of Labour said he could not take responsibility for Mr. Strang's statement, and that the union officials involved were in agreement. Would he say what unions he is speaking of and who the officials are?

Hon. J. R. Nicholson (Minister of Labour): I am talking particularly about local 514 of the I.L.W.U.

Mr. MacInnis (Cape Breton South): Who are the officials?

Mr. Nicholson: The president, vice president and secretary treasurer, among others.

[*Later:*]

Mr. Nicholson: I mentioned three officials of Local 514. These three officials, I know, were "in on" the discussions. It is quite possible that the exchange of telegrams was in the name of the international representative. But I know that some of the consultations were with the president. And these other officials participated in the discussions.

BANK OF WESTERN CANADA

EXTERNAL OWNERSHIP OF FINANCIAL ORGANIZATIONS—EVASION OF ROYAL COMMISSION RECOMMENDATIONS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I see the Minister of Finance is here. Yesterday, Mr. Speaker, I asked the Prime Minister a question about the Bank of Western Canada. I now ask the Minister of Finance whether the Bank of Western Canada has secured a certificate to begin operations?

If so, did the government take into consideration before granting it, the financial operations of the British International Finance group in Toronto, and the Stevens interests

referred to by the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) on December 1? Is it in order, when a firm such as British International Finance Corporation has external interests in companies such as the Wellington Bank of Canada International Ltd. of Nassau, and Wellington Financial Corp. Ltd., to allow Canadian banks to be owned externally by a simple plan such as this, thereby evading the recommendations of the Porter Commission that banks in Canada should be owned by Canadians?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, this is a very technical question. I understand that the affairs of British International Finance Corporation were examined extensively in the committee of the house concerned with financial matters, and it was established clearly that this is a Canadian company, owned in Canada. The whole of the financial affairs of the bank was taken into account when the Superintendent of Banks recommended to me that a certificate be issued by the Treasury Board to begin the operations of the Bank of Western Canada.

Mr. Frank Howard (Skeena): A supplementary question, Mr. Speaker. I ask the Minister of Finance if anybody in his department is able to understand and explain the intricate business relationships of the Wellington group?

Mr. Sharp: Mr. Speaker, the Minister of Finance would not hold himself out as an expert, but there are many in my department who advise me on these matters. They seem to understand the situation.

FINANCE

INFORMATION RESPECTING THIRTY YEAR 3 PER CENT BONDS

On the orders of the day:

Mr. K. H. More (Regina City): I wish to put a question to the Prime Minister. Some weeks ago I wrote to him personally about the 30 year 3 per cent bonds. I have had no reply, and I have answers to give to citizens of modest means who have written to me about this matter. I wonder when I can expect a reply to the matter I raised.

Right Hon. L. B. Pearson (Prime Minister): The matter has been dealt with by the Minister of Finance. I apologize if I have not replied to my hon. friend's letter. I shall look into it right away.

Inquiries of the Ministry

STATEMENT ON GUIDE LINES ISSUED BY U.S. TO CANADIAN SUBSIDIARIES

On the orders of the day:

Hon. Robert Winters (Minister of Trade and Commerce): Yesterday the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron) asked a question about a report received from Washington that the United States administration is issuing or has issued new guide lines which would affect subsidiaries of United States corporations in Canada in import and export positions. I shall be glad to answer that question, though, in so far as it applies to financial institutions perhaps it should be referred to the Minister of Finance.

The answer is that the United States administration has issued new guide lines with respect to direct foreign investment by United States corporations applicable to the two year period 1966-67, similar in form to the guide lines issued about a year ago for the period 1965-66. Following the announcement of the United States guideline program about a year ago, Canadian ministers attending the joint United States-Canadian committee on trade and economic affairs held in March, 1966, sought clarification of the intent of the program and were given assurance that the guide lines were not intended to interfere with normal business practice. The existence of these guide lines during the past year did not interfere with the realization in Canada of a substantially larger capital investment program.

Yesterday in Washington I discussed with Mr. Connor, Secretary of Commerce, the revised guide lines applicable to the 1966-67 period. He assured me that the same consideration applies to these revised guide lines. The essential principle is that both they and we expect subsidiaries in Canada of foreign companies to conduct themselves as good corporate Canadian citizens. Our own set of guiding principles inform all such companies of our views. The government will be keeping the situation under close review.

• (12 noon)

HOUSE OF COMMONS

PERMISSION TO GOVERNMENT TO SUBMIT EMERGENCY LEGISLATION WITHOUT NOTICE

On the order: Government Orders.

(a) That standing order 41 be renumbered 41 (1), and the following be added thereto:

(2) Notwithstanding section (1) of this standing order, Mr. Speaker may cause to be prepared and circulated a supplementary order paper giving

notice of any government business received by him during any extended adjournment of the House.

(b) That standing order 42 be rescinded and the following be substituted therefor:

42. (1) A minister of the crown may at any time, notwithstanding any standing order, in relation to any matter of urgent public importance, make a motion to suspend any standing or sessional order or orders relating to the need for notice, the hours of sitting on any day or days, and the number of stages of proceedings to be taken on any day or days.

(2) Upon the making of such a motion, the house shall not be adjourned until it is disposed of and, after the minister has explained the reason for the motion, Mr. Speaker may permit debate thereon for one hour and shall then forthwith submit the question to the house without amendment or further debate. If ten or more members rise to object, the Speaker shall deem that the motion has been withdrawn.

(3) The suspension permitted under this standing order shall not extend to any proceedings not specified in the motion made under this order.—The Minister of Public Works.

Hon. G. J. McIlraith (Minister of Public Works): Under standing order No. 26 of the House of Commons it is possible for any private member to move that the house be adjourned to discuss a matter of urgent public importance. This procedure is used from time to time, and there are—

Mr. Howard: I rise on a point of order. Do I understand correctly that the minister has moved, and is now speaking to, a motion proposing rule changes in standing order 41? If I am correct I wish to object. This is a terrible situation. A whole air line is being shut down. The government has asked for unanimous consent to sit through the day, and tomorrow, to deal with the air traffic control bill. Having obtained that consent, the minister is now cluttering up the time for which he asked by proceeding with a preposterous rule change proposal. If he is permitted to continue we shall spend the rest of today and tomorrow debating these rules, and the government will have placed itself in the position of being unable to deal with the air traffic control bill.

Mr. Speaker: That is hardly a point of order, but I suppose it is a consideration upon which the minister might wish to comment.

Mr. Nielsen: On a point of order, I refer to page 11218 of *Hansard* where the minister is reported as saying, last evening, under the heading "Business of the House":

Tomorrow we propose to continue the discussion of the measure which has ben under consideration this evening.

[Mr. Winters.]

That is not the business which is before the house, now. The hon. gentleman went on to say:

At this point I should add that the negotiations concerning the air traffic controllers are continuing. We anticipate that there may be a need to interrupt the proceedings tomorrow at any time to consider that matter. I cannot anticipate what will happen but I thought I should add this warning.

So the minister did give the house his assurance last night that we would be dealing with the old age security legislation or—

Mr. McIlraith: The hon. member would understand if he would just listen, for a change. His example shows the harm done by useless interruptions.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. The Minister of Public Works has the floor.

Mr. McIlraith: I sought on motions to make an explanation in which I thought the house would be interested, and which I believed to be relevant to the business before us. I was not given that opportunity, so I had this particular order called and I started to give that explanation. In the course of doing so I was not able to proceed very far, as the record will reveal, before this interruption took place.

I believe hon. members are trying to anticipate a difficulty which does not exist. If they would bear with me for a moment or two, since I am in order and proceeding under the rules in a wholly correct way, I think they will be well satisfied, and the anticipated objection of the hon. member for Yukon will disappear. And I hope the anticipated objection of the hon. member for Skeena also will disappear. I am quite sure they will.

Mr. Howard: I must say that my objection is not an anticipated objection; it is an outright objection. May I ask the minister a question? Do I take it, then, that the minister intends only to make an explanation about something and then withdraw the motion?

Mr. McIlraith: No; that may not be a wholly correct statement. I should like to explain the situation in my own words because, somehow, they are more suitable for delivery by me than are someone else's words.

The situation is this: Under standing order 26 a private member has a right to move the adjournment of the house to consider a matter of urgent public importance. This is done from time to time, and we have had two

recent examples in connection with emergency matters where this power has been used. It is a curious anomaly that there is no corresponding provision enabling the government to bring any proceedings relating to the same matter before the house without notice. Proceedings under standing order 26 are without notice because of the urgent public importance of the particular matter to be discussed. What is sought in this proposed rule change is some means of giving the government a right in similar circumstances—and the phraseology used is identical namely, "urgent public importance"—a right to submit legislation to parliament in these emergency situations, unless ten members, as a minimum, object.

Since the notice of this proposal was placed on the order paper, suggestions for amendment have come from various hon. members. I should like to arrange a meeting at which this matter could be discussed further, privately. I think it would be useful to consider these points in more detail before deciding this matter, especially as some of the amendments suggested seem to improve the original wording. But I should remind the house that we may have a need for emergency legislation discussions later today, a need in which there will be questions of abridgement of time. For example, I draw the attention of hon. members to standing order 75. Later today we may require leave under this proposed order, where the government could proceed to submit without notice a government motion abridging the time, or alternatively to proceed with a special order later this day, permitting the house to discuss all stages of the emergency measure.

• (12:10 p.m.)

There are two alternative ways of handling this situation, one having to do with this proposed rule change under which, if accepted, the government could submit the necessary motion as a matter of right, and the second of submitting a motion, without having dealt with this rule, and I wanted to explain that situation to the house because I felt it was something with which the house was very much concerned, and would wish to deal. If the house cares to discuss that point, it would be useful. But with respect to the substance of the motion, I should like to reserve that for either a later period today, if we found it necessary to revert to this order, or for a later occasion.

That is the point I wish to make, Mr. Speaker, and I regret that because of the uncertainty right up to 11 o'clock I was not able to make this explanation before that time to the house leaders of the various parties, as I would have wished, and as it would have been desirable had it been possible to do so.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I am sure the house listened with some confusion to the explanation given by the minister. He is usually very clear, but today that clarity was not apparent. As I understand it, this is a motion which, if accepted, is going to make a material change in the rules of the house and we are asked to accept it without careful examination. The government finds itself in a predicament in connection with the possible strike of the air controllers. Having delayed action for months, it now desires us to make a material change that can only have the result of further reducing the rights of the opposition. I for one intend to oppose such a motion.

If our rules are to be changed, then there should be full examination by the committee, which has been more or less dormant in recent months. The committee should look into this. The house cannot be pushed around in this way, and asked to accept a permanent change in the rules because the government finds itself in a quandary.

No one wants to see the government held up by the rules on any matter of national and emergent importance, but we are not going to capitulate to the desire of the government to extricate itself. To alter the rules for all time to come, at least until a further change is made, gives the government still greater powers to control and throttle the house.

I have no sympathy whatever with the unjust device of withholding unanimous consent when unanimity is desirable, but in order to cover that situation we are being asked to throw away a major right and to alter the rules of the house in a manner not in effect previously.

Mr. McIlraith: Mr. Speaker, I wonder if the hon. gentleman appreciated one point which I may not have made clear in my remarks.

Mr. Speaker: Order please. The minister has already taken part in the debate.

Mr. McIlraith: I am asking a question.

Mr. Speaker: Is he asking a question?

Mr. McIlraith: Yes, Mr. Speaker.

Mr. Speaker: Does the Leader of the Opposition (Mr. Diefenbaker) accept the question?

Mr. Diefenbaker: Yes.

Mr. McIlraith: I wonder if he appreciated the point, that I was asking not to proceed with the motion now?

Mr. Diefenbaker: We have a motion before us. The minister explains what will happen when the motion is brought in, when the government needs emergent powers. Now the minister says, "I am really not forcing it." Well, if he is not, I am not opposed to that.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I trust it is clear that the issue that concerns the House of commons now is not the substance of the rule changes. There are two of them proposed by the Minister of Public Works (Mr. McIlraith), and I reserve comment on the substance of those two changes. I am being asked behind me why I reserve comment, but my hon. friend will see in a moment that there are other ways and better opportunities for expressing comment.

What does concern us, Mr. Speaker, is the way in which this attempt is being made to change the rules of the House of Commons. I do not know how many times it has been said on this floor—but apparently it has to be said again—that the rules of this place are the rules of the house, not the rules of the government. The rules of this house have been changed a good many times in the last hundred years. On two or three occasions they have been changed on the initiative of the government, by government motions being introduced. Nineteen hundred and thirteen was a case in point; 1965 was another case in point. And each time the rules are changed on the basis of the government taking the initiative, we run into trouble both in getting the changes made and with the rules that result.

The best way to change the rules of parliament is to have parliament do it by means of an all-party committee, or by means of consideration in committee of the whole house. But in this instance the government is by-passing any all-party consideration. It is even by-passing the possibility of consideration in committee of the whole house. What is before us at the momemt is a sudden death motion which is capable of only one stage of debate, which does not permit going into committee of the whole. And if this motion which the minister has moved were to pass, it would make two permanent changes in the rules of the house. I submit, Mr. Speaker, that even though there may be merit in the two changes, this is not the way to go about it.

I also think this is hardly the time to change rules, just because some emergency situation has arisen. The house is granting the unanimous consent necessary to deal with that situation. For example we have all already agreed to sit tonight and tomorrow. I submit therefore these rule changes are not needed for the immediate situation, and in the government trying to make these changes we are faced again with a complete lack of comprehension on the part of the government.

Mr. McIlraith: May I ask the hon. gentleman a question. Did he appreciate the point I sought to clear up in my earlier remarks and by my question to the Leader of the Opposition? Did he understand that I did not propose to proceed with the motion at the moment, that I called it in order to be able to explain to the house what I had wanted to explain at an earlier stage in the proceedings today, about the possibility, later in the day, of having to ask for an emergency order of some kind relating to the legislation concerning the air controllers?

Mr. Knowles: Yes, Mr. Speaker.

Mr. Churchill: May I rise on a point of order, Mr. Speaker. What business is in front of us at the moment?

Mr. Speaker: I believe hon. members know what the business is. It is a motion moved by the Minister of Public Works.

Mr. Diefenbaker: No, he says he did not move it.

Mr. McIlraith: No—

Mr. Knowles: Mr. Speaker—

Mr. Speaker: Order, please. The hon. member for Winnipeg North Centre.

• (12:20 p.m.)

Mr. Knowles: Mr. Speaker, it is clear what is before us. It is a motion by the Minister of Public Works which would have the effect of changing two rules. The minister asked me whether I heard his suggestion that this matter be not proceeded with at this moment, but that somehow it might be discussed and brought back later in the day. Yes; I heard all that. But apparently he does not understand the point the Leader of the Opposition and I are attempting to make, with a good deal of support and that is that the way to change the

rules is not to have the government bring in its suggestion, and then condescend to have it looked at.

Yesterday, in view of the fact that this session might end some day, and so on, I asked the Prime Minister whether he would agree to the appointment of an all-party committee to look into the rules. What was the Prime Minister's reply? His reply was that the government is looking into this matter and soon hoped to have something to discuss with representatives of the other parties.

Mr. Speaker, that is the wrong way to go about it. The rules are the rules of the whole house; the rules are the rules of parliament, and satisfactory rules are not produced by having the government prepare its draft and then condescend to let the other parties have some opportunity to discuss those proposals. This is the reason we are having trouble in respect of some of the provisional rules under which we are operating at the present time. They were brought in, not as a result of an all party committee, but were brought in by the government acting as the government.

I suggest that it is not good enough that the Minister of Public Works let this motion stand, so that later an all-party committee of the house might study it. What he should do is withdraw this motion. Then an all-party committee should be appointed to study, not just this situation but the rules as a whole. This business of changing the rules piecemeal as emergency situations arise does not produce a good set of rules.

I agree with the comment made a few moments ago across the floor, that there are many provisions in our rules which need to be changed; but that is parliament's function. You do not achieve this by having the government produce a draft. What is needed now, first of all, is—

Mr. McIlraith: Might I rise on a point of order—

Mr. Knowles: If it is a point of order, we cannot stop you.

Mr. McIlraith: I am not sure whether it is; I hope it is. I should like to make clear to the house that I am perfectly willing to end this confusion by withdrawing the order.

Some hon. Members: Hear, hear.

Mr. McIlraith: Apparently I was not able to make clear to anyone opposite—or at least to two of the parties opposite—what was intended. If it is the wish that this be withdrawn, I am quite happy to ask that it be withdrawn.

Mr. Knowles: I welcome the suggestion that this be withdrawn, and I agree.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. Speaker: Order, please. The hon. member for Ontario.

Hon. Michael Starr (Ontario): Mr. Speaker, there is one thing which should be made clear. Is this motion to be withdrawn from the order paper? Is that what the agreement is?

Mr. Speaker: Is it the understanding that there is unanimous agreement of the house that the motion be dropped?

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I hesitate to give this kind of agreement, because I am of the opinion that this never should have been introduced today in the manner in which it was. For this reason we find the government because of that idiot across the floor sitting beside—

Mr. Speaker: Order, please.

Mr. Peters: Mr. Speaker—

Mr. Speaker: Order, please. I am sure the hon. member is being carried away at the moment by his feelings. I think he should keep in mind that certain expressions are not in keeping with the dignity of the house.

Mr. Peters: I withdraw the expression, Mr. Speaker. The situation which developed last night, in my opinion, is not in keeping with the conduct of this house. I would suggest that what has happened is just the kind of thing which makes it almost impossible to obtain the unanimous consent which is necessary in an emergency. This type of legislation is not necessary. What happened the other day was a specific case of one individual bargaining with the government. That saves the government a great deal of embarrassment. It is my opinion that it really did not hurt the situation at all. I should like to suggest that the minister would be much better advised to withdraw this, without introducing it.

Some hon. Members: Oh, oh.

Mr. Peters: Mr. Speaker, perhaps again it is a matter of my wording. He raised the matter today and it should not have been raised at all. I suggest this is the kind of thing which prevents co-operation. I am not going to be obnoxious about it. I think this should be withdrawn.

Old Age Security Act Amendment

Mr. Speaker: Has the hon. member completed his participation in the debate? Is there unanimous agreement that the notice of motion be withdrawn?

Mr. Frank Howard (Skeena): I would hope that the government would be less secretive with the house from now on. I think it would behoove the Minister of Public Works to acknowledge what obviously is a fact, that he is no longer the house leader and that the Minister of Transport (Mr. Pickersgill) is.

Mr. Speaker: Order, please. The hon. member for Okanagan-Revelstoke.

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, I have no objection to the withdrawal of this motion, but I trust that the members of this house and the public generally will recall how spokesmen for the various parties in this house pleaded with an hon. member last week to consent to legislation being brought in, and were frustrated. I should like to suggest that they look back at some of the words of the people who pleaded with the member at that time. If they read these words, I think they might realize some of the reasons it was thought a rule change might be acceptable to the house at this time. I should also like to make it clear that at that time I did not plead with the hon. member, because I felt it was beneath the dignity of this parliament to be put in the position in which it was put at that time by its own rules.

Although there may be cause for levity and amusement today, to the people of British Columbia and the people involved in losses as a result of the dock strike it was not a cause for amusement or levity. I agree with the hon. member for Winnipeg North Centre (Mr. Knowles) that there are ways to change the rules. He knows the problem: The problem is time. Again, I am sure that the people of this country feel that perhaps we should move a little more rapidly. I have no objection to withdrawal of the motion, but I think some of these things should be understood.

Mr. Speaker: Has the minister the consent of the house to withdraw the motion?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

• (12:30 p.m.)

OLD AGE SECURITY ACT AMENDMENT

PROVISION OF GUARANTEED INCOME SUPPLEMENTS AND DETERMINATION OF PENSIONERS' INCOMES

The house resumed from Thursday, December 15, consideration in committee of Bill No. C-251, to amend the Old Age Security Act—Mr. MacEachen—Mr. Batten in the chair.

On clause 3.

The Chairman: Order, please. When the committee rose last evening we were discussing the amendment to clause 3 moved by the hon. member for Winnipeg North Centre. Is the committee ready for the question?

Mr. Knowles: Question.

Mr. MacEachen: Mr. Chairman, I want to make a few comments in respect of the amendment, and explain the attitude of the government in putting the provision in the bill confining the income supplement to pensioners born on or before December 31, 1910.

As hon. members may recall, the Senate committee recommended a program of income maintenance to be applied to old age pensioners. One of the changes we made in the proposal of the Senate committee was to limit the application of the supplement to those pensioners born in 1910 or earlier. We carefully considered the relationship of permanence, in contrast to a transitional program, to the role of the Canada Pension Plan.

Members of the committee will recall that the joint committee on the Canada Pension Plan and the Senate committee on aging expressed concern about those people who were too old to benefit from the Canada Pension Plan. We assumed, and still do, that the main retirement program for the people of Canada was the Canada Pension Plan, which is based upon contributions from both employees and employers. The supplement therefore is intended to serve as a transitional measure, while the contributory retirement pension program is maturing.

This supplement will be payable to those current and future old age security recipients who, by reason of age alone, will be unable to benefit substantially from the provisions of the Canada or Quebec pension plans. That is the rationale behind the approach put forward in this bill.

It was pointed out in statements last night that there will be a group of persons born after 1910 who for one reason or other will not have an opportunity, to participate in the Canada or Quebec pension plans. We believe that such a group will be relatively small and we doubt whether a parallel income support program should be developed strictly for application to this particular group, especially in view of the fact this house passed the Canada

Assistance Plan which can be used as a program for general public assistance. The Canada Assistance Plan also provides health and welfare benefits.

The hon. member for Burnaby-Coquitlam expressed some concern about the coverage of the Canada Pension Plan. The fact is, of course, that the Canada Pension Plan provides comprehensive coverage. It is in fact one of the most comprehensive contributory programs of its kind. It does cover farmers and fishermen. In respect of housewives, as referred to by the hon. member, our approach has been to provide a combined pension for the husband and the wife so that the wife can derive a bigger pension should the husband die. It should be borne in mind that many housewives will be contributors in their own right and will derive benefits, as well as the income support, because their husbands have been contributors.

Hon. members may not agree with what I am saying about the relationship of this program to the Canada Pension Plan. I do not object to that, but I should like to communicate my concern about a permanent parallel program of income support in connection with the Canada Pension Plan. If the supplementary program is not limited in this way, and this is an income guarantee program, younger workers and certainly lower income workers will wonder, though compelled by law, why they should contribute to the Canada Pension Plan or to the Quebec pension plan when they can get a supplementary pension without any contribution.

That is precisely why this program is transitional in nature. We felt that a parallel program of income support of a permanent character would undermine the confidence among those in lower income groups in respect of compulsory contributions which they must make under the Canada and Quebec pension plans. That is the point of view I am putting forward, and that is the explanation for the inclusion of this clause.

I just want to say to the hon. member for Burnaby-Coquitlam that the fact we are putting forward this transitional program in the form of a guaranteed income in my view should not detract from the fact that we are attempting to develop a new approach—a guaranteed income approach to income support. We are applying this on a transitional basis. It may be that the experience we will gain in the development of the income guaranteed approach to this group—admittedly it is a transitional measure—will provide us with a basis on which, at a later stage, we can apply the guaranteed income program to a greater proportion of our population.

As time goes on I think members of the house and members of the committee will want to consider the guaranteed income approach in relation to all other social security programs in Canada. I cannot foresee the future, nor can I make any policy statement as to the attitude of the government, but it certainly is a fact that the experience gained in respect of this program will be of great importance in years ahead in deciding whether the guaranteed income concept should be applied on a broader basis.

In my judgment we are definitely breaking new ground in applying the guaranteed income approach. Aside from the amounts that are contemplated in this approach, the principles are the same. We are attempting to create an administrative structure. If we succeed, and I hope we will, this will provide a possible basis for a broader application of this measure in the future. I make that point because I do not have in mind, in confining this concept to a group on a transitional basis, that it would undermine possible application in the future on a broader basis.

Mr. Lewis: Mr. Chairman, I just want to say one or two words and then ask the minister two questions. I gladly assume that the minister was sincere in the statement he just made to the committee, and that he honestly believes there is some conflict between the two plans. I am afraid he has not communicated to me, even though he said he was attempting to do so, any reason for concluding that there is this conflict.

• (12:40 p.m.)

I have a fear that the minister has yielded to advice which officials often give because of their excess fears about things. My two questions are simply these—and I do not want to make this a long speech. First, is the Minister of National Health and Welfare suggesting to this committee that there will be no one born after 1910 who will not be covered by the Canada Pension Plan or the Quebec Pension Plan? I am sure he cannot suggest that there will be no one in the country not covered. My second question is: Is the minister trying to persuade this committee that a young contributor to the Canada Pension Plan will feel he is being gypped, when he has contributed with the expectation of $104 a month as his total pension under the Canada Pension Plan, if I remember correctly, plus whatever other adjustments are built in, as against a possible maximum of $30 a month under this plan?

Surely, Mr. Chairman, that simply is not logical.

I suggest to the minister that if there is anyone who is likely to be left out in the cold, even if there are no more than 10,000 of the total number in Canada, because they were born after 1910 and are not covered by the Canada Pension Plan or the Quebec Pension Plan, and so on, this income maintenance, poor though it is, ought to be maintained. I should like the minister to comment on my two queries.

Mr. Chatterton: Mr. Chairman, perhaps I could ask the minister a question and he could answer it and the hon. member's questions at the same time. In considering the question of whether the program should continue or whether there should be a deadline, the minister must have made an estimate of the number of people who will retire, say in 1976, who will have no pension under the Canada Pension Plan. He must also have considered how many will have a pension of, say $10, how many will have a pension of say $20, and how many will have a pension of $30 only. Can the minister give us some indication of the number of people who will be in those categories?

Mr. MacEachen: Mr. Chairman, I have not any statistics available at the moment. I will try to get them, to see whether there is any estimate of the future level of benefits and the numbers. As I have stated, I believe that the point of this measure is to look after the people who because of age will not benefit from the Canada Pension Plan. That is why it is a transitional measure.

The hon. member for York South asked me whether there would be persons who would not be eligible for benefits under the Canada Pension Plan or the Quebec Pension Plan. I think there undoubtedly will be. We think the number will be relatively small. If we had no other program, I think it would be a matter for concern if after a period of 10 years there were considerable numbers of people who had been incapable, for one reason or another, of participating effectively in the economy and and could not benefit.

It seems to me that perhaps the solution is in some other direction. I am talking about a guaranteed income approach. Having decided upon that course—and hon. gentlemen opposite have taken a different view—it is still a fact that younger workers, and especially low income workers, could legitimately say, "Why should we be contributing to the Canada Pension Plan out of our relatively small earnings, and be compelled to do so by law, when there is another program that could provide us a supplement?" I admit that if I accepted the view of the hon. member for Winnipeg North Centre and adopted the flat increase at this point, the situation would of course be different.

[Mr. Lewis.]

Mr. Knowles: Hear, hear.

Mr. MacEachen: But in terms of the approach now being recommended to parliament, I think it is wise to limit it in this way. This is really the point of view I am putting across. I am not hopeful that hon. members opposite will agree with me, but I am hopeful that they will at least understand the reason, even if they think it is not acceptable.

Mr. Barnett: Mr. Chairman, I am as puzzled now by the minister's theory as I was last night. He made it more specific today when he said that low income workers would resent this program. Has he had representations to this effect? On what grounds does he base this weird theory that he is developing?

Mr. Lewis: On some bureaucratic advice.

Mr. Barnett: I will give an example in round figures. According to rough calculations, a worker who earned $2,000 a year would be eligible on retirement for something like $42 a month from the Canada Pension Plan. That is as I understand it. Under this bill as it stands, if this is regarded as income he would have about $21 a month taken off his eligibility.

Is he going to resent the fact that, because of his limited ability to contribute in the way in which most of us expect to contribute to the Canada Pension Plan, when he retires he will receive a pension of only $42 a month? Is he going to resent the fact that he is entitled to an extra $9 under another plan? I just cannot understand the minister's argument.

Some hon. Members: Question.

Mr. MacEachen: This is the point, Mr. Chairman. This is a problem that is quite far in the future. But I believe that workers on low incomes who have to sweat it out and contribute can look at another program and say, "Why should I have had to contribute, having been compelled to do so by law, when if I had not been compelled to do this and had a choice in the matter I could have benefited perhaps as much from this supplement?" This is the point.

Mr. Barnett: The minister has less faith in Canadians than I have.

Mr. Leboe: Mr. Chairman, I should like to ask the minister a question on the matter to which he has just referred. He said this category of worker would object to making payments to the Canada Pension Plan because they may be able to get the supplement under this program. I wonder whether the minister realizes that the payroll deductions of workers today are so numerous that one more little deduction for the Canada Pension Plan, even if they are not getting very much out of it, will make very little difference and they will not even think about it. Is there not some way in which the Canada Pension Plan could be related to this supplement, in such a way that there would in fact be a guaranteed annual income for every Canadian?

The minister has admitted that some people will not benefit under the Canada Pension Plan. If there is one person left out, it is one too many as far as I am concerned. I do not understand why we cannot have some relationship in these plans and guarantee every person an income of, say $130 a month. Surely the minister can devise some way in which this plan could be related to the Canada Pension Plan to achieve this objective.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

• (12:50 p.m.)

[*Translation*]

Mr. Laprise: Mr. Chairman, I do not quite understand what the Minister of National Health and Welfare (Mr. MacEachen) is trying to put over on us with his bill, by objecting to the amendment moved by the hon. member for Winnipeg North Centre (Mr. Knowles).

The title of the bill reads as follows: "An Act to amend the Old Age Security Act" and I, for one, feel that the Old Age Security Act should be amended by adding improvements to it, and not by taking away benefits which it already provides. By refusing the amendment moved by the member for Winnipeg North Centre, the minister confirms what my friend the member for Roberval (Mr. Gauthier) stated last December 5, when he said that the minister's amendment did not concern old age security but rather social assistance, which is already in force in the province of Quebec and, probably, in all Canadian provinces.

Therefore, as far as I am concerned, I am in favour of the amendment moved by the member for Winnipeg North Centre to the effect that the words "born on or before the 31st day of December, 1910" be struck out; this would make the proposed increase available to everyone having reached 65 years of age. For this reason, I support the amendment moved by the member for Winnipeg North Centre.

[*English*]

Amendment (Mr. Knowles) negatived: Yeas, 61; nays, 66.

The Chairman: I declare the amendment lost.

Mr. McCleave: Mr. Chairman, may I rise on a point of order. We are debating one clause, but as members know it extends from page 2 to page 10 of the bill. The hon. member for Simcoe East gave notice last night that he will be making an amendment to the proposed section 8 on page 2. I suggest that for orderly consideration in committee Your Honour might call, say, clause 3, section 6, and then section 7 and so on, so that we will not be moving back and forth over these eight pages.

The Chairman: For purposes of discussion would the committee agree to call each of the 12 proposed sections in clause 3, and complete discussion on each one chronologically?

Some hon. Members: Agreed.

The Chairman: We will now consider clause 3, section 6.

Mr. Douglas: We passed the proposed section 6 last evening.

Mr. McCleave: I do not think we passed anything. This is the reason I made the suggestion, because we immediately went to the proposed section 7.

Mr. Knowles: Mr. Chairman, is not the language we use at this point "Is discussion on the section concluded?" I believe that section 6 was concluded and that we were on 7, which is how I got my amendment in.

Mr. Douglas: I should like to say a few words on clause 3, section 7. The minister's explanation as to why this section, which provides that persons who were born after December 31, 1910 will not be eligible for benefits under this legislation, is included in this clause makes very clear what this legislation really amounts to. The minister has now said that this is transitional legislation; that it is old age assistance legislation; that it is a temporary relief measure to take care of old age pensioners who have very little income,

other than their old age security pension. The minister's argument for presenting this rather niggardly program is that if the government were to make this a permanent feature of our legislation it would somehow or other undermine the Canada Pension Plan.

I want to point out two things to the minister. The first is that he can resolve that problem very easily by incorporating this $30 in the basic old age security pension. There would be no feeling of injury then from 1975, on, if those who had contributed to the Canada Pension Plan knew that in addition to their entitlement under that legislation they were also entitled to a basic pension of $100 or $105 a month. This is why we have been arguing that this money, which the government is now proposing to pay, be incorporated into the old age security pension.

What the government are really doing—and it is becoming more transparent day by day—is really to fix $75 a month, plus whatever additional increments will come as a result of the increased cost of living, as a permanent feature of our social security legislation. This will mean that from now on $75 a month plus 75 cents a month for a 1 per cent increase in the cost of living, with a maximum of $1.50 for 2 percentage points, irrespective of whether the cost of living rises by 3 per cent, 4 per cent or more, will be fixed as the basic pension of the old age security pensioner. In many instances it will not even keep pace with the increased cost of living, let alone allow our elderly citizens in this country to participate in the nation's increased productivity. The old age security pension is now fixed, as I say, except for the increment arising out of the increased cost of living.

I am sure that when the government introduced the Canada Pension Plan it was not apparent to most Canadians that the old age security pension was being frozen, except for the cost of living bonus. But it is now perfectly apparent that it has been frozen. It is also apparent that the measure now before us is not going to be the basis of a universally guaranteed annual income. It is purely and simply a relief measure of a transitional nature to provide assistance on the basis of a means test for those persons whose income is insufficient today to keep body and soul together.

On the basis of the minister's explanation, Mr. Chairman, this makes a hollow mockery of all the pretensions we have heard about, to the effect that we were launched on a new era of social security legislation, and that the government was laying the basis of a guaranteed annual income program. This talk of a guaranteed annual income that the government has been promulgating from one end of the country to the other is now exposed as probably the greatest hoax ever perpetrated on the people of this country.

[Mr. Douglas.]

• (1:00 p.m.)

Anyone with any doubts about this can read subsection 1 of section 7 as set out in clause 3 of the bill, and realize that after 1975 there will be no new applications under this legislation. Payments will continue to those already on the list who have qualified under the means test, but new persons will not come on the list. Those who do not qualify under the Canada Pension Plan, and there are many—the minister said that farmers and fishermen are covered; it is optional for them, but a good many small farmers and fishermen have net incomes of less than $1,000 a year—will not be able to contribute. Farmers and fishermen would have to pay employer and employee contributions totalling 3.6 per cent, rather than the 1.8 per cent paid by industrial workers.

Many self-employed persons engaged in small businesses, in one-man barber shops, in one-man shoe shine stands or one-man filling stations cannot afford to make the 3.6 per cent contribution.

An hon. Member: Don't forget farmers.

Mr. Douglas: The small farmers and fishermen I have already mentioned. Even where small farmers and fishermen with net incomes of less than $1,000 make contributions, the benefits they will be entitled to under the pension will be relatively small. To leave these people absolutely bereft of assistance under this plan demonstrates in my opinion a callous disregard of the needs of the situation.

We have registered our protest against this provision; I do not think we can do more. I hope it is perfectly clear to hon. members of the house and to people of the country what the government's legislation means. It means old age assistance with a means test on a temporary, transitional basis.

Mr. Chatterton: I wish to say a few words on the proposed section 7. When I asked the minister a few minutes ago if he had figures estimating the numbers of people in 1976 who will be getting no pension, or a very small pension, he said he had no figures. I think these amendments were drafted according to

some nebulous theory I have not been able to understand. They are based on some nebulous principle, and not on the facts of the situation.

Mr. Dinsdale: It was expedient.

Mr. Chatterton: It was an expedient measure introduced in a hurry, largely because we exposed the Canada Assistance Plan as not being an effective social security measure.

The recommendation of the joint committee on the Canada Pension Plan was that the combination of old age security and Canada pension should bear a certain relation to earnings. In 1961, for instance, Mr. Chairman, close to 600,000 people in non-farm families earned less than $1,000. I maintain that large numbers of people will get little or no benefit from the Canada Pension Plan in 1976. I tell the minister, judging by his performance in this proposal, that he may not be Minister of National Health and Welfare in 1975. I can assure him that, if some measure is not introduced to help the people who will get very small pensions or no pensions at all from the Canada Pension Plan by 1975 or 1976, amendments will have to be brought in to take care of these people.

Mr. Knowles: Mr. Chairman, I should like to continue on the points brought out with respect to subclause 1 of clause 7. The point I wish to make in this connection may be appropriate at a later session. I wish now therefore to carry out the intention I mentioned yesterday, to move another amendment to new section 7 being enacted by clause 3 of this bill. The point I wish to make perhaps is narrow in terms of the number of people affected. If we are to show decency and generosity at Christmastime the minister ought to accept the request I shall make in the terms of an amendment.

If hon. members look at new section 7, subclause 2, paragraph (c) they will discover that pensioners outside Canada, away from the country for more than six months, are not entitled to draw the supplement or the so-called guaranteed income payment.

I am pleading the case of not many people, though many seem to write to me. I am strenuously pleading the case of people who have no vote in this country, who have moved to warmer climates in the south or to the United Kingdom. They do not vote in Canadian general elections. To me this is all the more reason for doing the fair, decent and generous thing.

As hon. members know, it has taken us a long time to get the Old Age Security Act amended to make it possible for people who find it necessary or desirable to live somewhere else to draw the old age security pension. We finally achieved this in two jumps. In the first place we provided some years ago that a person qualified for a pension in Canada, who has started drawing it while living in Canada, may go anywhere in the world and continue drawing that pension provided he had lived in Canada for 25 years subsequent to his twenty first birthday. That provision was enacted some years ago, and it was a good one.

More recently when dealing with the legislation enacting the Canada Pension Plan we made another improvement. We looked at the person who has had to leave Canada before attaining pensionable age. He may have had many years of residence in this country; he may have been born in this country, but he was denied the pension unless he came back and lived here for another 12 months.

The kinds of cases coming under this heading surely are well known to hon. members. For example there will be the case of a man and his wife, the man being of pensionable age and his wife not. They go to England; the man gets his pension but the wife cannot because she went there before she was of pensionable age. Or there are single persons moving about for one reason or another, going to various places, the most common of which would be the southern parts of this continent. We resolved the problem of the person who cannot get back to the country by another provision now in the act under which, if a person had a total of 40 years residence in Canada subsequent to age 18, he need not come back to this country to get his pension.

• (1:10 p.m.)

I have already come across sad cases of people who are a few weeks short of the required 40 years. I recall the case of one woman who was born in this country, as her parents were born in this country, but who cannot qualify because she is two or three months short of that 40 year period. I do not intend to go into these provisions. I merely indicate that we have made them. It was difficult to get this concession, and the qualifications are difficult to meet. But the concession has been made. Now, by this provision in subsection (2) of section 7, we say that even though people have met the qualification and

are drawing the basic pension in, for example, the southern states, or in England, they cannot get the supplement.

Mr. Chairman, how mean can we be? How unthoughtful can we be? Some might argue that if these people have been able to go away, they have resources. Well, if they have resources they would not get the supplement in any case under this legislation. But if a person is entitled to a pension on the basis of the 25-year clause or the 40-year, and needs a supplement, I think he should get it.

I am not trying to set people against each other when I point out how unfair the present discrimination can be. Please note that a person who did not come to this country until he was 54 or 55 can get a pension in ten years time. And if he stays here he can get a supplement, provided he meets the means test incorporated in this bill. I am in favour of that; let that be clear. But it does seem odd that a person who has been in this country ten years can draw the $105 if he needs it, while another, who may have been born in this country and lived here for 58 years, cannot get a supplement because he has gone to England or some other part of the world. It seems to me that this is unfair and that it is carrying the unChristmas spirit a little too far.

The minister told us in the speech he made that this provision had been included in the bill deliberately. I feel strongly that it should come out. We have made it possible for those people who have to go away, and who meet the various conditions, to get a pension. They should have a right to get the supplement as well. For the most part we are concerned with people whose health in their latter years does not permit them to endure our winters. Or they are people who have moved to other parts of the world for family reasons—to live with relatives, and so on.

I am not talking about the millionaires the minister seems concerned about. If the millionaires have gone to California, they cannot beat the means test. But having found the answer as far as the basic old age pension is concerned we should not make it impossible for pensioners to receive the supplement because they are living elsewhere. I urge the minister not to give us a long song and dance telling us why this cannot be done. My files upstairs are full of letters from the previous minister, from the hon. member for Perth, when he was minister, from the Secretary of State for External Affairs, when he was minister of health and welfare, explaining how difficult it was to make pensions payable to people who did not come back to get them: It just could not be changed; it was impossible; there were too many difficulties. But we solved these difficulties with the 40-year rule. Of course some people who might have benefited from that rule died before it could come into effect.

Let us not take ten years to resolve this problem. Let us do the decent thing without delay and say that all these people who have qualified for the basic $75 and who can meet the so-called test for the supplement shall get the other $30. To this end, I move:

That clause 3 of Bill C-251 be amended by deleting paragraph (c) from sub-section (2) of the new section 7 being enacted thereby.

The Deputy Chairman: Are there any observations as to the admissibility of the amendment?

Mr. Chatterton: I suggest that this amendment falls into exactly the same category as the amendment moved yesterday by the hon. member for Winnipeg North Centre and which the Chair accepted.

Mr. MacEachen: I have one comment to make in respect to this amendment. I merely wish to mention that at some point the Chair will have to determine the meaning of the expression "certain pensioners" used in the resolution. If, successively, all these amendments are ruled in order, the effect will have been to rewrite the resolution to which the royal recommendation is attached.

Mr. Knowles: On the point of order, may I suggest that it is not a valid objection to an amendment to say that, if it is in order, then one, two, ten or a dozen other amendments might also be in order. The situation might be embarrassing for the government, but the objection which the hon. gentleman has raised is not a procedural one.

I believe the hon. member for Esquimalt-Saanich has stated the proposition correctly, in a nutshell. This amendment provides for a change in the bill in an area which was not dealt with at all in the resolution preceding the bill. Therefore, Mr. Chairman, you will find it difficult to find in any other way than you found last evening. Surely the use of the phrase "certain pensioners" does not give the minister the right to come along now and say: This is what we meant by it. When the same point was raised last evening, my hon. friend from York South said: Suppose the minister had put in a clause saying that people with read hair were not to get a pension, this could have been what the minister had in mind

when he said "certain pensioners". I think the Chair was right in the ruling it made, and that there is really no reason to discuss the matter further.

Mr. MacEachen: The point I made was that the resolution had been carefully framed so as to be limiting, and the limiting expression was the word "certain". I argued this point last night and I will not repeat it now; but if all these amendments are declared to be in order the effect will have been to rewrite the royal recommendation. I think this would be altogether improper.

• (1:20 p.m.)

Mr. Churchill: Mr. Chairman, the fact that the minister did not write the royal recommendation properly is no concern of ours at this point. He has put the words "certain pensioners" in the royal recommendation, which could mean all pensioners except one, or could mean pensioners with certain physical attributes. The thing permits itself of a very wide interpretation indeed.

I think the ruling yesterday would be applicable. It was accepted by the committee. It was not appealed by the government side, and I think should stand with regard to these others which are on all fours with it.

Mr. Orlikow: Mr. Chairman, when earlier in this debate I heard my colleague, the hon. member for Winnipeg North Centre referring to the minister as a Scrooge, I did not realize quite how correct he was, because as the debate goes on, and as one looks at the picayune attitude of the minister, one realizes how miserable and mean he is being. I suggest to the minister that he stop thinking of this bill as being—

The Chairman: Order. I must interrupt the hon. member to say to him we are now discussing whether or not this amendment is in order, and maybe the remarks he is now making could be made some other time.

Mr. Knowles: Let us have your ruling.

The Chairman: I am prepared to make a ruling now, if the committee so wishes.

Some hon. Members: Agreed.

The Chairman: I can say to the committee that the Chair has considered this amendment in the light of the resolution which preceded the bill. I have paid particular attention to the statement made by the Minister of National Health and Welfare, and the meaning which he places upon the word "certain."

It is the opinion of the Chair that while this word "certain" does impose some limit, it is a limit which is defined in the bill; and since the limit is defined in the bill, then to change the limit in the bill, or to express certain limits, does not at all do any violence to the resolution preceding the bill. The word "certain" may have limitations. The bill states what these limitations are. But I do not think the committee is bound by the limitations placed upon the word "certain" by the bill itself.

I would like to read again from Beauchesne's fourth edition citation 278(4):

> The committee is not bound by the terms of the provisions which the ministers have inserted in the bill; and, when no amount has been mentioned in the resolution, any member may propose to increase the grants specified in the bill or to extend the application of the provisions of the bill, whatever may be the cost resulting therefrom, so long as the power conferred by the royal recommendation is not exceeded.

It is my opinion that this amendment does not exceed the royal recommendation, and I would therefore rule that the amendment is in order.

Mr. Orlikow: Mr. Chairman, just before you made your ruling I said that I found it difficult to understand the reasoning and the point of view which the minister is taking with regard to this amendment. As I said, he was referred to earlier in debate as a Scrooge. I am not going to repeat the long arguments and discussions we have had on the principle of whether $30 a month should apply to all people who are entitled to the old age pension, or just to those who can satisfy the needs test. This has been debated for days. We have had a number of votes in which the house and the committee have expressed their points of view. We on this side of the chamber disagree with the government and with the minister, but that decision has been made.

However, Mr. Chairman, surely the number of people covered by this amendment is so small, and the reasons this small group of people leave the country are so valid, that the government does not have to drive the last nail into the coffin. This is not a new question. It took many years argument before the government of Canada agreed that any old age pensioner who left the country could get a pension. Finally, some years ago, it was agreed that people who qualified could draw their pension, regardless of where they lived.

There are not many of these people. As the hon. member for Winnipeg North Centre has already said, those who have left the country

have done it mainly for two reasons. One is a health reason. I have just come back from my home city of Winnipeg where the people have had a month of below zero weather. It is no wonder that some people who are in their late sixties and seventies find it difficult to live in Winnipeg during the winter, and think it a good idea to go down to the United States, or some other place, where the conditions are easier for them to live. I also know some people, the bulk of whose relatives have already died, but they have brothers or sisters down in the United States, or in Great Britain. They have decided it would be easier and more pleasant for them to finish the last few years of their lives in close association with those brothers or sisters.

These are valid reasons which were recognized by the government of Canada and the parliament of Canada when the pension legislation was amended to permit people to live outside Canada and still draw their pension. But now the minister comes along and says, "Well, that is all right for the people who get the $75 a month. They can live in the United States, they can live in Great Britain or anywhere else, but they cannot get this supplementary benefit."

I cannot see any logic behind this and, as I said at the beginning of my remarks, I wish the minister would stop thinking of this bill as being like the Ten Commandments tablets which cannot be changed under any circumstances, and that he would exhibit some of the compassion which some hon. members and some people throughout the country thought he had, but which he is rapidly demonstrating he does not have.

Mr. McCleave: Mr. Chairman, there are of course two Scrooges, and I would not like to apply the description Scrooge to the minister without hoping that he is in a sort of period of conversion from the earlier Scrooge to the later Scrooge. We must hold out hope not only for the Scrooges of this world but for the Minister of National Health and Welfare also.

Mr. Douglas: Better conjure up one of those ghosts for him.

An hon. Member: Marley's?

Mr. McCleave: The amendment moved by the hon. member for Winnipeg North Centre commends itself handsomely to the members of the official opposition because the battle, mentioned earlier, about residence requirements with respect to old age pensions was one brought to a happy end by a former minister of national health and welfare, the hon. member for Perth. That was one of his outstanding humanitarian accomplishments.

Dealing with the merits of the amendment I would point out to the minister that obviously the number of people involved will not be large. The old age pensioners who can go abroad on either $75 a month, or on a maximum of $105 a month, is not going to be substantial. If they have not already made their pile to go and live in Spain or Florida during the harsher months of the year, they are never going to make it.

I suggest that the type of person who will take advantage of this will be somebody who, in any event, is helped by his or her family to move to a softer clime so as not to experience the great Canadian winter. I further suggest that the families of such people are making considerable sacrifices, and that these sacrifices are being made only for one purpose, for the health of their relatives who find it necessary to move to milder climates.

• (1:30 p.m.)

I do not think the treasury of this country is going to suffer any great expenditure. I would picture it as something in the order of six figures a year. So, I should like to end where I started; there were two Scrooges, the miserable fellow at the beginning of the Dickens story and that kind, benevolent soul who emerged after an exhausting ordeal—

An hon. Member: After the change.

Mr. McCleave: —and found a way to become an enlightened employer of Bob Cratchit and a friend to all those around him. I hope that the minister could come back into the chamber and show this same startling metamorphosis with regard to these amendments.

Mr. Chatterton: Mr. Chairman, it has been acknowledged by all Canadians that the old age security pension is an entitlement to the people who have contributed toward the growth of the nation. It is quite clear from the minister and the government that this supplement is not considered as a right. By virtue of this provision the government has discretion to decide which of these senior citizens, having complied with all the requirements of the old age security provisions, shall be entitled to this supplement. In order to point out the anomaly, I should like to make a comparison to the situation in respect of the Canada Pension Plan. Under the Canada Pension Plan a person can move here from some other country. He can live here for ten years, take

his full Canada Pension Plan, and then go back to the place from which he came. Hon. members might say: "Oh, yes, but that is a contributory pension plan". The fact is that such a person, particularly if he is earning $5,000 a year or more when he retires, can draw his pension after contributing for ten years only and receive a bonus, an unearned increment, which is paid to him by the other people of Canada to the tune of some $18,000.

On the other hand, under this bill, a person who has lived in Canada for 20 years after age 21—he may have lived here for 40 or 50 years—who on account of health of other reasons wishes to live in some other country is not entitled to the supplement. Perhaps the minister could tell us how many of these people are affected. Will granting the supplement to these people increase the cost in respect of this measure to any appreciable extent? If not, why does the minister take this "Scroogey" attitude in respect of these citizens who have earned a right to the supplement?

Mr. Lewis: Mr. Chairman, I should like to make a very earnest appeal to the minister to change his mind in this regard. I wish to do so for several reasons. I think he was wrong in not accepting the earlier amendment which was moved. In that case at least, I think he had some reason which I believe I understood. Unfortunately, somewhat to the shame of Canada, there are people whose income is so low that their pensions under the Canada Pension Plan would not be greater than the supplementary income that the early subclause represented. So, at least he had some reason.

I suggest, with all the earnestness which all of us can possibly muster, that there is no reason for the stand the minister is taking. First, as has been pointed out by other speakers, the number of people who will be able to leave Canada and go elsewhere, having only $75 or $80 a mnth, obviously is exceedingly small. They will be people who are ill or who have children living in Detroit, Rome or in some other place and who wish to spend the remaining few years of their lives with their children and grandchildren. The denial of this supplement to them, to me seems to be an act of inhumanity of which I thought the minister was incapable. I mean both parts of that; it is an act of inhumanity and I would have thought that the minister was incapable of it. How many thousands of dollars are involved in this? I suppose one of the reasons the minister wishes to have this subclause in the bill is that his officers have persuaded him it would be very difficult to check the forms containing the income returns from people who are resident elsewhere. I should like to say to him in passing that this is another reason to condemn his income test.

Even if this were the case, let me remind him that there are dozens of laws on our books which unfortunately are violated daily by residents and citizens of Canada which the governments, federal and provincial, do not bother to police, because the cost of policing would be greater than the few pennies they would gather as a result of such policing. Everyone knows that. It is unfortunate, but it is a fact. He is not worried about that. Governments are not worried about the little infractions which cost the treasury a few measly thousands of dollars. When the minister suggests that people who have lived most of their lives in Canada who reach the age of 65 eventually and now age 69 or 68, and who find that they would like to spend the remaining few years of their lives with their children and grandchildren somewhere outside Canada, cannot get a pension above the $75 a month under the old age security provisions, this is picayune; it is petty. It is petty in mind and petty in heart, if I may use that term. It represents no money; it represents no principle. It represents a bureaucratic intrusion which has absolutely no basis in fact, logic or anything else.

This attitude represents a sacrifice of simple, human compassion for some kind of procedural difficulty which might occur in respect of some loss of the occasional measly dollar which the treasury might have to endure because a person is out of the country for six months. I am making my statement as others have—and I am not saying that I am any different from the others—not with any intention of embarrassing the minister or the government. From my short experience in parliament, I believe that if we leave the government alone it does enough to embarrass itself. No one on the opposition benches has to aid them in that direction. With all my heart, I am making the plea to the minister that he realize he is making a mistake. He is making a mistake of pettiness for which he will be branded as the Scrooge which people have called him, just as his department will be branded as a department without imagination and without heart.

If the minister could tell us how many thousands of dollars this will cost the treasury of Canada or if he could tell us what it is he is

trying to protect himself against, I would be glad to listen to him. However, I have applied my mind to this matter and my experience in respect of the older people in this country, which probably is as wide as that of anyone else, and for the life of me I cannot see why, when the old age pensioner is entitled to receive the old age security pension when he is beyond the boundaries of this country, this little addition of $30 a month—and it might be less—should be denied him. The only explanation I can see is that some officers in his department must have advised him concerning the procedural difficulty there would be in respect of checking the applications and so on. So what? So, you cannot check them.

• (1:40 p.m.)

An hon. Member: It is to be a very simple form.

Mr. Lewis: It may well be a simple form, but a person who pays no taxes may have difficulty. My question is, so what? Out of 1,200,000 pensioners, which is the number there are now, I should like to know how many in fact live abroad. This whole question does not involve only how many live abroad, because there might be very many pensioners out of the country. The $75 is paid as a matter of right even to those who can afford to go abroad. I want to know whether the minister really thinks there is a substantial number, significant number or even a small number of pensioners who are living outside of the country and do not receive at least $105 per month in income. It is absurd to suggest that there is a crack in the wall of financial responsibility in this regard which would cause any embarrassment or any loss worth a tinker's damn.

Often the minister does accept advice, yet in this case he has a certain approach to legislation which leads him to bring in this kind of petty, mean provision which is what it is. It is a petty, mean provision of no consequence to the country, of no consequence to the treasury, but of consequence only to a few thousand people who will be living with their children or grandchildren outside this country. Those are the few who will benefit from this additional pittance provided by this bill. I appeal to the minister to recognize the validity of the representations made by hon. members on this side of the house in order to show that he has some understanding of, if I may say this without any offence, the workings of a genuine democratic legislature or assembly where a minister does not simply put legislation on the desk and say we must accept it. In a democratic assembly the minister and the government have sufficient humility from time to time to accept propositions from those who oppose them, given in good faith and in all sincerity. If the minister does not accept this amendment which does no violence to the principles of the act and no violence to anything else which is of consequence, I can only conclude that he is becoming—I have not known him long enough to say that he has been—the kind of administrator who is more bound by his bureaucratic fears than he is by his principles as a human being.

Mr. Schreyer: As I look upon the minister's mournful countenance, I wonder whether he regards us as being unseemingly persistent in pressing forward this amendment. If the minister is really anxious to press forward with greater speed and expedition, it seems to me he should be prepared to give us some concrete, statistical information as to the cost involved in the proposition before us. I suspect, because I have not seen any figure, that what is involved by way of additional cost is not of any great magnitude. If that is the case I should like to say to members opposite and to the minister that if we must choose between administrative stringency on the one hand and the generosity of Canadian society on the other, we ought to choose the latter. One must be prudent in dealing with measures of this kind, but if there is a very substantial cost factor involved there is an onus on the minister to bring forward concrete statistical information to indicate the range of additional cost involved in the proposal suggested by this amendment.

I might say that I also regard the provision in subclause (a) as being unnecessarily stringent. If I were to speak about that provision at this point I would be out of order so I shall defer my remarks until after we have dealt with this amendment.

Mr. Knowles: Let us hear from the minister.

Mr. MacEachen: Mr. Chairman, I rise to speak to the committee with great diffidence after the avalanche of unpleasant adjectives that have been thrown at me in respect of this amendment.

First of all, we kept in mind the fact that this supplement will be paid in all cases for the month a pensioner leaves Canada and for a maximum of an additional six consecutive months. Payment will be stopped at that time,

but will be resumed the month the pensioner returns to Canada.

The hon. member for Halifax and others made allusions to what had been done in the past by former ministers. The policy being followed in this case is precisely the policy applied to pensioners receiving the basic $75 a month who have left the country and have not put in 25 years residence after age 21. That is a provision of the Old Age Security Act. That principle which is included in that act was applied to the supplement payment. A pensioner will get it for the month he leaves Canada and for a maximum of six consecutive months thereafter. If he remains outside the country beyond that period payment will be suspended, but it will be resumed when he returns.

Mr. Douglas: Why?

Mr. MacEachen: The hon. member for Winnipeg North Centre talked about pensioners who could not stand our cold winters and moved to the south. We provide for this situation by the six or seven months during which payments will be made. We have taken it for granted that persons who leave Canada and live permanently in other countries are eligible for any benefits which are available to permanent residents in those countries.

An hon. Member: Oh, no.

Mr. MacEachen: That must be taken for granted.

Mr. Lewis: Why should we take that for granted? Other countries may have residence qualifications such as we have.

Mr. MacEachen: I do not understand what the hon. member is saying. Surely, the countries to which most of these pensioners move are advanced countries in the western world. They would be eligible for the various assistance available in those countries. That is all I am saying and we took that for granted. We felt that these persons would become residents of the countries to which they moved and would be eligible for benefits available in those countries.

Mr. Douglas: The countries to which most of the people move are Great Britain, the United States and Italy. How would any old age pensioner in receipt of old age security benefits qualify for social security benefits in any of those three countries, unless he had established a long period of residence, just as an individual must establish residence in this country? An individual must live ten years in this country before qualifying for old age security.

Mr. MacEachen: I do not accept all the inherent assertions of fact in the hon. member's question. We will save some money through this proposal, but it will cost money to make these payments to these pensioners who move. Any amount I might mention would be purely an estimate.

• (1:50 p.m.)

It would depend upon the income standing of the recipient, if we had any way of checking it. These people are living in 60 different countries. How would it be possible for any administration, even the bureaucratic administration alleged to exist in the Department of National Health and Welfare, to have any way of verifying incomes in 60 different countries? In this case we would be asking residents of Canada to provide us with information that we could not possibly ask residents outside the country to provide.

Mr. Knowles: Mr. Chairman, would the minister permit a question at this point? How does he square this with his assurance time and again that it is a very simple declaration people will have to fill in, and the department is going to take their word for it?

Mr. MacEachen: It is a simple declaration. I explained yesterday the procedures that would be involved in this program.

Mr. Knowles: You haven't any snoopers abroad?

Mr. MacEachen: It is not a question of snoopers abroad. We have stated in the bill that we will check the accuracy of information provided to us. We have no way of doing this for persons abroad in 60 different countries, with varying income levels. We expect people living in Canada to provide us with this information.

Mr. Simpson: Mr. Chairman, would the minister permit a question? Does the minister maintain that each and every successful applicant for the supplementary $30 will have had the application checked against his income tax return?

Mr. MacEachen: I covered that ground in the house yesterday for about an hour. We went into that matter fully. I appreciate the point of view of hon. members in seeking to make the advantages of the income supplement available to persons permanently resident abroad, those who stay abroad beyond

the period of six months. I appreciate their concern. All I am saying is that we are following a principle that is now embedded in the Old Age Security Act with respect to persons who have failed to put in 25 years residence in Canada after age 21. That provision is in the law now.

Mr. Knowles: Would the minister permit another question, Mr. Chairman? When he says he is following what is in the law now, he should distinguish between those people who claim their pension on the basis of only 10 years' residence and who therefore when they go abroad cannot draw the pension continuously, and those people who go abroad after having had 25 years in Canada subsequent to age 21, or went abroad before they became recipients of the pension with 40 years residence in Canada subsequent to age 18. I am talking about these two groups of people, the 25-year group and the 40-year group, with respect to whom we have said they can have the $75 pension. No matter whether they are living in the affluent United States, where they have a social security scheme, if we give them the $75 and they are in need, why cannot they receive the supplement? I plead with the minister not to confuse the issue about the 25-year and the 40-year groups by talking about what applies in the case of the 10-year group.

My amendment would not give this supplement to those people with only 10 years residence in Canada who stay abroad beyond six months, because they do not get the $75. But why not treat in the same way those we have finally been decent with in regard to the basic pension, whether they go abroad or remain in Canada?

Mr. MacEachen: That was quite a long question, Mr. Chairman. But I am dealing with the argument that has been advanced by members of the opposition alleging there is something un-Canadian, as it were, about the approach being taken in this particular bill. All I am saying is that we have applied precisely the same approach to the old age security recipients who have failed to put in 25 years residence in Canada after age 21. I refer the hon. member to section 5 (1) of the Old Age Security Act. This is the argument I am making; it is a reply to the statement that has been made on the other side of the house. The hon. member for Winnipeg North Centre makes a rebuttal argument and attempts to build it into another argument for his own purposes.

[Mr. MacEachen.]

Mr. Knowles: Mr. Chairman, I rise on a question of privilege. When I made this amendment, it was clear that I was talking about the groups of people covered by the 25-year clause and the 40-year clause. I took more time than I thought I needed to describe those clauses. It is not a matter of coming back later and putting forward another argument. I am talking about the people who are entitled to stay abroad and draw the full pension; they are the only ones I am talking about. I think the minister should address himself to the question of those people.

Mr. MacEachen: I am addressing myself, Mr. Chairman, to the arguments put forward in the committee. One of the arguments patently made in the committee was: Why do we not treat these people in the same way as we treat the recipients of old age security who can take their pension abroad without qualification? This is the point I am answering. I am answering it by referring to this particular provision in the Old Age Security Act. I am not drawing any further conclusion than to point out that we are following this particular policy. This is the only point.

Mr. Lewis: Mr. Chairman, would the minister permit a question? Perhaps I do not know enough about the Old Age Security Act, but am I wrong in thinking that if this particular subclause were deleted, the residence qualifications that apply to the old age security payment would apply to the supplementary payment? That is all the deletion of the subclause would accomplish, is it not? It would not wash out, would it, the residence requirements that are already there? It would make those residence requirements applicable to this group of people; is that not right

Mr. Chatterton: Mr. Chairman, one of the arguments the minister used to oppose this amendment was that under this bill the advances made to those people living abroad permanently, and who would presumably be eligible for advances from the country in which they reside, would be considered as income. This is right, is it not? Therefore, if they receive over $60, they would be disqualified from this benefit, and if they receive up to $60 there is a commensurate reduction in the supplement? Am I not correct?

Mr. MacEachen: Mr. Chairman, I think the hon. member is suggesting the complexity of the administrative operation in making these benefits available. I am not arguing against the concern of hon. members; I am arguing

about the difficulty of trying to administer the program and establish equity between persons resident in Canada and those resident abroad. They can be abroad up to six months and draw this supplement. If they come back they will immediately go on benefit. These people are living in 60 different countries. There are 1,000 pensioners living in Hong Kong. We just cannot possibly hope to administer the program in any effective way and relate 60 different countries, with different income standards, when this program is geared to our own Canadian income level. It seems to me the committee is asking me to undertake something that is almost impossible to accomplish effectively. I do not want to argue against the concern of hon. members of the committee, but I would like the committee to understand the difficulty their suggestion presents and with which I am asked to deal.

Mr. McCleave: Mr. Chairman, the minister has let the large cat out of the bag. It is not a question of the spirit of this legislation or the intent of what we are trying to do for Canadians, whether they live at home or abroad; but rather it is a question of how such an amendment to the Old Age Security Act could be administered. The minister has spoken about administrative difficulties. This is a point that many of us suspected was really in his mind when he opposed this very reasonable suggestion. Now, the minister has confirmed our suspicions.

The argument that has been made before by several hon. members is a perfectly proper one. We are not, by this legislation, creating a new class of pensioner. This legislation will simply provide a supplement, an extra benefit, to a class of pensioner already in being. As has been pointed out by the hon. member for York South, and I intend to point it out again because perhaps by repetition we will get this point through to the minister, the provisions in the present legislation are surely all the guarantee that the Minister of National Health and Welfare, his department and his government require. What we are being asked to do by enacting proposed section 7 (2) (c) is to legislate something which is superfluous. These powers already exist in the legislation we have. I say it is redundant in the same sense that to use the phrase "a round wheel" is redundant or to use the phrase "foolish minister of transport" is redundant.

• (2:00 p.m.)

Mr. More: I am somewhat surprised at the attitude of the minister of health and welfare. It does not coincide with the judgment so many of us have formed of him since he has been in the house and I simply do not understand it. Perhaps some of us have missed the point that puts him in the position of apparently being out of character. Perhaps some of the statements that have been made and put on his shoulders originated from the Minister of Finance, who is probably the strong man responsible for much in this bill that goes against our grain and which, if the truth were known, probably goes against the grain of the minister.

If the minister thinks that the committee was confused in their arguments a short time ago, I suggest he look at the words he used when he gets the blues. In his opening remarks in defence of his position he said that this bill was treating people who would be entitled to this benefit in the same way as the Old Age Security Act treats the pensioners. He did not distinguish between the ten and 25 year qualification in his opening remarks.

Mr. MacEachen: Mr. Chairman.—

Mr. More: I should like the minister to let me make my case, and then he can reply if he wishes.

Mr. MacEachen: Mr. Chairman—

Mr. More: I did not interrupt the minister.

Mr. MacEachen: —I rise on a question of privilege. Not only did I relate my argument to this particular 25 year provision, but I cited the section in the Old Age Security Act which makes provision for this. I merely stated that we were following the same policy with respect to payment of the supplement that is provided with regard to this class of pensioner who is covered by section 5(1) of the Old Age Security Act.

Mr. More: Mr. Chairman, I am trying to make a presentation, not to raise the minister's ire. If the minister looks at the blues, I am sure he will confirm that in his opening defence of the requirements of this bill he did not make any distinction. In fact, he made the statement that every old age pensioner living abroad had to return to Canada within six months. If he will look at the blues he will notice that, but I think other hon. members will verify what he said. Subsequently, the position was clarified with a question, or I should say a dissertation, from the hon. member for Winnipeg North Centre. I was sitting in my seat with a dissertation

prepared, and the hon. member asked a question which was more like a dissertation, judging from the time it consumed. However, he knows the rules better than I, and as this is a matter of keen interest I do not blame him for stretching them.

I think this whole thing is iniquitous. I am just amazed at the concern of the government for a few pensioners. Only a few pensioners are able to qualify under the 25 to 40 year provision.

I rather liked the statement made by the hon. member for Burnaby-Coquitlam yesterday. He asked who would want to transgress the law for 12 bucks? I suggest there are not too many old age pensioners really in need of this supplement who would transgress the law in this respect. I understand that all the minister is going to do in order to police these provisions is to make spot checks. I think he assured the house that there would be no big group of private-eyes poking their noses into people's homes, but that there would be a sampling made. I suggest that the old age pensioner who makes a simple request for the supplement because he needs it would not be outside the scope of such a sampling. By showing a little humanity and ignoring the heavy hand of the Minister of Finance, the minister could get the co-operation of these people.

I like to think that I had something to do with the action taken by the former minister which made it possible for the 25 year group to live abroad without returning to Canada to collect their pension. I think my suggestion gave rise to the minister's investigation and, I think he will agree, brought about the measure which accomplished this.

I cannot sit here and accept a derogation of this principle, the minister casually ignoring the representations that I have made to him. I recall that during the election campaign in 1962 the present Prime Minister made a great speech about the responsibility of the government in this matter. He said that a Liberal government would not spend one penny or ask for additional income through higher taxation unless it brought about greater productivity, which in turn would mean additional revenue. But what is taking place today? We have this big complex in Ottawa, the cost of which has risen from $9 million to $40 million, and the government has not batted an eye. They will have to produce this extra revenue from somewhere, and we see it being taken out of the hides of our old pioneers, the people who should be the concern of the government. This is something I cannot accept.

[Mr. More.]

If the government is concerned about the excessive expenditure of money, let them take another look at some of the huge expenditures being made for the glory of our country and in tribute to our pioneers. I do not think any of us in this generation or in the younger generation either, wants the government of Canada to take it out of the hides of these pioneers. I urge the minister to forget about the policing, which he says he cannot undertake, and to place some confidence in the people who have sweated and toiled to build this country of which we are now the trustees. I ask him to accept this very reasonable amendment, which will improve this iniquitous bill. For that is what it is; it is a cover for the lack of government action to meet the real needs of our senior citizens.

Mr. Knowles: Mr. Chairman, I have just a few words to say and I hope it will not take me as long as my question did a moment ago. The minister keeps trying to say that all the government is doing is treating pensioners who are outside Canada in the same way as those inside Canada. Then he starts to talk only about those who qualify for the pension on the basis of 10 year's residence in Canada. The fact of the matter is that people in Canada today who have 25 years' residence as the basis of their qualification can go abroad and continue to draw their $75 pension for the rest of their lives, as opposed to the 10 years' residence people who cannot.

All that we on this side are saying is that those people already given the entitlement to go abroad and draw their $75 for life should be treated in the same way as if they had stayed in Canada—in other words, as if they had the right to draw the supplement. It is as simple as that, and I think the government and the minister ought to agree to do this.

Mr. Churchill: I just want to say a few words, Mr. Chairman. The minister of health and welfare is disclosing his true character in the course of this debate. He is not the far-sighted minister that we thought we had in this department. He is not the generous type of minister we thought we had.

Mr. Muir (Cape Breton North and Victoria): You are disillusioned, Gordon.

Mr. Churchill: Yes, completely disillusioned, along with all the other members of the house. The minister is now restricting. He is now the minister of restrictions. What has happened to all those brave words of his of a few days ago about this new concept that was

being introduced into our social security legislation? As reported at page 10882 of *Hansard* he said:

• (2:10 p.m.)

—the bill before the house represents an important development in the structure of social security in Canada. It is a measure that will take its place beside the Canada Pension Plan, the Canada Assistance Plan, and within the old age security program to give this country one of the most advanced and most complete systems of income maintenance for its retired citizens.

Those are the great words of December 8. Now, on December 16 the minister is withdrawing and restricting. What has happened to that great propaganda expression "guaranteed annual income"? That is the way he introduced this measure.

Mr. Knowles: It is only for certain persons.

Mr. Churchill: Having told us he would make a great advance in social security by providing for our older people a guaranteed annual income, minister says that those going abroad for more than six months are not to have that income. Surely, this is Scrooge at his best. We have the name for the minister now.

Mr. Pickersgill: Can I ask the hon. gentleman a question? Would the hon. gentleman explain the difference between Scrooge at his best and Scrooge at his worst?

Mr. Churchill: That is a first class question. There is no difference at all between the Minister of Transport at his best or worst. It is just a worse situation every day.

The Minister of National Health and Welfare is attempting to destroy the value of his introductory remarks to this bill. The guaranteed annual income obviously is restricted to certain people. I am sure all hon. members feel that if a person has put in all the residence requirements which have been talked about, the 25 year period and so on, he should then be able to go abroad without worrying about losing the guaranteed annual income.

Why should those people not apply for the additional $30? They will get the $75, and for many pensioners the amount will go up to $105. If pensioners receiving the greater amount see fit to stay outside the country and not return, their pension goes down to $75 and the guaranteed annual income is meaningless.

I suppose this minister or his officials thought anyone going abroad and drawing this supplement would get additional money somehow or other. They would be getting more pension than they would be entitled to had they stayed at home. You must consider the large group with which you are dealing. Let us consider that these people will be honest, because statistics show that most people are honest. They are not trying to gouge the public or do something contrary to the laws of the land and deprive the government of taxes. Most people are honest. Why should we assume that the old age pensioner who goes abroad is not as honest as the old age pensioner who stays at home. The fact it will not be easy to check on additional income the pensioner may get abroad is no reason for us to be suspicious.

I doubt very much if anybody will seek additional income, having gone abroad. The minister could provide for a simple form to be filled out every year. Surely, a simple way of checking on these people could be found.

I support the amendment. I think it fits into the broad program the minister outlined to increase social security benefits for our old age pensioners. Let us not talk of too many restraints. Let us not make it too difficult for our pensioners. Let them have freedom of movement. We realize that the situation has changed within the last 15 years. People are much more mobile than they used to be and if they want to move to a neighbouring country why should they not move? These people have made their contribution to Canada. There is a 25 year limitation, but most of our old age pensioners I am sure have given to Canada 50 years of their lives in one way or another, from age 20 to 70, or from age 18 to 68. Most people have made that contribution to the life of Canada and should be given this return without any uncharitable tag ends being imposed today.

I appeal, as have other members, to the Minister of National Health and Welfare to revert to the nature we thought he possessed two or three years ago and to be a little more expansive and not restrictive. Otherwise, he will be made Minister of Finance within the next ten days and there will be a cabinet shuffle. He may find his proper place. I think he has an opportunity in the Department of National Health and Welfare to make a better name for himself than he is making at the present time.

Mr. Mackasey: Mr. Chairman—

Some hon. Members: Now we are for it.

Mr. Mackasey: I have a few remarks.

An hon. Member: Filibuster. Scrooge.

Old Age Security Act Amendment

Mr. Mackasey: Now that the hon. member for Winnipeg North Centre has been classed as Santa Claus he is more interested in Christmas carols than questions in the house. I find it strange that our present Minister of National Health and Welfare should be referred to as Scrooge. What other minister of national health and welfare in the past half century has been responsible in one way or another for bringing in, during the short period that this minister has been in office, social welfare programs such as medicare, the Canada Assistance Plan, the Canada Pension Plan and now the amendments to the Old Age Security Act. Why should speaker after speaker tag this minister with an unfair label? I think this is a remarkable record for a young and dynamic minister of national health and welfare.

An hon. Member: Forget the record.

Mr. Mackasey: The pride that the people in the maritimes have for this representative of theirs in cabinet is seen by the way that hon. members from that part of the country, though they are in another party, stand up and pay tribute to him, asking him questions—

Mr. Muir (Cape Breton North and Victoria): You speak for yourself. We can speak for the maritimes.

Mr. Sharp: Could not a nice word or two be found for the Minister of Finance?

Mr. Mackasey: It is hardly necessary to say anything for a minister of finance who has acted as responsibly and ably as the present Minister of Finance has. These are qualities that should be synomymous with the Minister of Finance.

Mr. Muir (Lisgar): On a point of order, Mr. Chairman. Could this little love fest continue behind the curtains.

• (2:20 p.m.)

Mr. Chatterton: May I ask the hon. member a question? If this bill is so good, why is he delaying its passage?

Mr. Mackasey: I do not accept the hon. member's premise that I am delaying the passage of this bill. Most of the editorial writers whose columns I have read in the morning papers take the position that it is the opposition which is taking part in a filibuster against this legislation. No one can accuse me of holding up the bill. This is the second opportunity I have had of taking part in the discussion. I did speak briefly on second reading. I hesitated to take a greater part in these proceedings because I realize I do not have the experience on the subject which some hon. members possess, particularly the Gold Dust Twins from Winnipeg who have all these things at their fingertips.

An hon. Member: What about the amendment?

Mr. Mackasey: The amendment is as ridiculous as all the other amendments they have brought forward. I suppose that if I shared the opinion of members of the New Democratic Party that the basic principle behind this legislation was bad, I would bring forward a similar amendment. They think that what is best for this country would be simply to increase the benefit from $75 to $100 a month.

Mr. Knowles: No, to $105.

Mr. Mackasey: It is $105, now. The hon. member is converted.

Mr. Stewart: Would my hon. friend like to try to explain to the committee why if, in the opinion of the opposition, this is such a bad piece of legislation, its provisions should be made both perpetual and universal?

Mr. Mackasey: I will simply say that the amendment is logical if one believes that the principle of this bill is bad and that it would be better to raise the present $75 to $100 or $105, the figure to which the hon. member has now been converted.

I support this bill because I believe that for the first time in the history of Canada a measure has been introduced which will for all time take the question of old age security pensions out of party politics. This is why I support the bill.

Some hon. Members: Oh, oh.

Mr. Mackasey: There are so many hon. members who agree with me that I cannot absorb the wisdom of all their remarks. Basically, we are taking old age security pensions out of party politics. I do not have copies of newspaper editorials with me at this moment but if hon. members opposite want to read a telling editorial in their official voice in the province of Quebec, I would refer them to the Montreal *Gazette*.

The *Gazette* this morning points out that this legislation is a step forward from the

days in which, every time the parties wanted to woo the votes of the older citizens of Canada, they attempted to outbid each other and insulted the senior citizens by saying, in effect, that their votes were worth so many dollars to the party. Finally, we have had the courage to get away from that system. I have heard hon. members say in the course of this debate that it is unsound politically to depart from the traditional practice in this field. Perhaps it is. But morally it is the finest thing this parliament will ever do.

Then again, no one has pointed out that many of our old age pensioners who remain in this country might well resent a provision which would enable those who leave Canada, possibly for economic or selfish reasons, to obtain an extra $30 a month automatically regardless of whether they were poor or rich. The minister has drawn attention to the fact that our senior citizens are living, at present, in some 60 different countries; some in eastern Europe, some in Hong Kong, some in western Europe.

It is time hon. members began to discuss this bill in a more objective manner and ceased to label the minister with a tag he does not deserve. If hon. members over there wish to be fair and objective, let them christen him as he is—perhaps the most imaginative and fair Minister of National Health and Welfare this country has ever had.

The Chairman: Is the committee ready for the question?

Mr. Winkler: On a question of privilege, three members on the government side entered the chamber from outside the chamber after the vote was called.

Some hon. Members: Out.

Mr. Winkler: In all fairness, I was behind the curtain all the time. I ask any hon. member who wishes to do so to get up and attempt to challenge that statement.

The Chairman: Order. All those in favour of the amendment please rise.

• (2:30 p.m.)

Amendment (Mr. Knowles) negatived: yeas, 40; nays, 55.

Mr. Winkler: On a question of privilege, Mr. Chairman—

The Chairman: Order, please. Before the committee proceeds any further, may I cite standing order 12 (2) which reads:

> When Mr. Speaker is putting a question, no member shall enter, walk out of or across the house, or make any noise or disturbance.

I ask the co-operation of the committee in this respect.

Mr. Muir (Lisgar): On a point of order, Mr. Chairman, would you repeat that to those gentlemen on your right who were not listening to what you said?

Mr. Winkler: On a question of privilege, Mr. Chairman, I must say that during the vote I saw the hon. member for Chateauguay-Huntingdon-Laprairie, the hon. member for Mercier and the hon. member for Cochrane coming from away outside the chamber and they cast their votes.

Mr. Loiselle: The hon. member for Hastings-Frontenac came into the chamber too.

Mr. Webb: Mr. Chairman, on a point of privilege, I did not vote.

Some hon. Members: Hear, hear.

The Chairman: Order please.

Mr. Loiselle: I want to apologize to the hon. member. I was looking at other hon. members back there, the hon. member for Cape Breton South.

The Chairman: Order; the item before the committee is subclause (7).

Mr. Muir (Lisgar): Will the minister give hon. members a copy of the application form that is going to be sent to old age pensioners? The reason I ask for this is that in answer to the hon. member for Marquette yesterday the minister said, with regard to pensioners who would not make out income tax forms, that the advice of a third person would be sought whether their applications would be considered or not.

Mr. MacEachen: Mr. Chairman, it is not customary to submit a proposed form to the committee before a bill is passed. It is without precedent in our parliament to do this. I do not mind trying to tell the committee the kind of information that will be sought. I stated yesterday, in respect to any check on the accuracy of the information provided, that we proposed to rely on information provided by the Department of National Revenue.

Mr. Churchill: May I ask what the minister meant when, as recorded at page 11,200 of yesterday's *Hansard*, he said:

> The other source of information is what you might call third party information—

What is that?

Mr. MacEachen: What I had in mind was information provided on income tax returns.

Mr. Churchill: Let me read the whole sentence:

> The other source of information is what you might call third party information which is available even though an individual does not submit it in a tax return.

This is not from an income tax return.

Mr. MacEachen: The point is that while the individual himself or herself may not submit an income tax return, information with respect to that person may be available on another income tax return, for example, provided by an employer.

Mr. Rynard: I am concerned about persons who receive the guaranteed income and for health reasons have to leave Canada. There are many reasons why older people have to leave. I can mention circulatory disturbances, emphysema, and chest conditions in which case people are advised to go to Arizona. Is there no provision whereby such people can go there? What provision is being made for that?

Mr. MacEachen: The provision that is being made is that the supplement will be payable for the month of departure and for six additional months, so that a person who must leave the country for part of the year for health reasons, would be fully looked after.

Mr. Rynard: But a percentage of these people have to remain in a dryer climate all the time. What does this bill do for people who have to live in a dry climate outside Canada for 12 months of the year? The number, may be small, but I think they are entitled to the guaranteed income.

Mr. MacEachen: This whole issue was fully debated on the amendment moved by the hon. member for Winnipeg North Centre.

• (2:40 p.m.)

The situation is as I have described it. Such a person certainly will be eligible to remain outside of Canada for a good part of the year when the climate is unfavourable to him. This is in accord with one provision of the Old Age Security Act. There really is nothing further I can add to the debate which already has taken place.

Mr. Rynard: Mr. Chairman, I should like to ask the minister whether over the week end he will consider the implementation of some provision in respect of these people who are few in number. It seems to me there should be a provision which would cover their position and entitle them to this guaranteed income. It should be as simple as that.

Mr. Schreyer: Mr. Chairman, I should like to refer to new subsection 2(a) of proposed section 7. I think possibly the minister should provide a specific answer in this connection. It seems to me that the provision in this paragraph is unduly restrictive. If the minister has some explanation he can give us concerning the reason this paragraph has been included in the bill, of course I should like to hear it.

It is my understanding, however, that the provisions of the Old Age Security Act are such that they would not prevent a potentially eligible recipient obtaining the pension even as late as a year after, and for a year retroactive to, the date of the application. Now, if this provision in this paragraph were to pass as it stands, it would seem to me to preclude certain pensioners who are eligible for the supplementary payment but who, because of some unavoidable reason or some contingent circumstances, were not able to file their return on time. It would seem that they might lose what it is their right to receive. Is it really necessary to have this type of a restriction?

Mr. Chatterton: Mr. Chairman, I think the point is well taken. From memory, I believe that in the Canada Pension Plan there is provision for appeal in cases where the application was submitted late. Perhaps the minister could include a provision of this nature so that when these persons, through no fault of their own—many of them are quite elderly—do not submit their applications on time, at least there would be an opportunity for appeal or perhaps discretion with the minister to take care of the situation. I think the point is well taken and I hope the minister will give it his consideration.

Mr. MacEachen: In general, in reply to the hon. member for Springfield, I should like to say that the supplement is payable to recipients of old age security who already have established their status, so to speak, and therefore have qualified for the old age

security pension. We wished to give some degree of retroactivity to the pensioner who may have mislaid the form or who may have forgotten to submit it. Because of the fact that these people are recipients of the old age security and likely will be alert to the possibilities under this program, we thought a period of four months retroactivity would be sufficient. However, I shall be glad to consider the point made by the hon. member for Esquimalt-Saanich. It may be that the appeal procedure is a way in which the rights of the persons could be secured.

Mr. Simpson: Mr. Chairman, I should like to direct a question to the minister in respect of new section 7. Before doing so, I might say that I presume the minister will say this matter has been debated during the past few days, as he did in answer to my previous question. Despite the fact that the minister may say the matter we are discussing now was debated fully, may I say that although it may have been debated fully it certainly was not explained fully. In relation to new section 7 the minister has pointed out that the recipient of this supplementary payment may leave Canada for a period of six months or more and receive the payment for six months. Then, he said when that pensioner returned to Canada he again became eligible for the supplementary payment. Can the minister tell us how long that pensioner would have to remain in Canada upon his return in order to become eligible, and then leave the country and receive it for another six months?

Mr. MacEachen: That is a good point. I presume, once his eligibility is re-established upon his return to Canada, that he is then put back on the benefit and can leave the country for a further six months. However, I should like to check a little further into this question.

Mr. Simpson: Do I understand that there is nothing in the legislation which covers this situation? When the minister is checking into this I wonder whether he would endeavour to assure the house that when this pensioner returns to Canada and makes an official application it will not be necessary that he remain in Canada for a lengthy period until the validity of his application is determined.

Mr. MacEachen: We would require that the person tell us about his or her return to Canada. We certainly would try to avoid any undue delay in giving the person the benefit. The situation is as I have described it to my hon. friend.

[*Translation*]

Mr. Laprise: Mr. Chairman, I should like to refer to clause 7, paragraph 2 and ask the Minister of National Health and Welfare (Mr. MacEachen) to state clearly whether all the present pensioners will automatically receive the application form which would enable them to receive the supplement provided in the measure? Would the minister also tell the house what will happen if an applicant dies between January 1 and the four-month period? In other words, if a pensioner files an application for income supplement and passes away two months later—say in February or March—will this increase be payable to his estate?

[*English*]

Mr. MacEachen: Mr. Chairman, I am sorry, but I did not hear the complete question asked by my hon. friend. If he would be good enough to repeat it I will try to answer it.

[*Translation*]

Mr. Laprise: Mr. Chairman, I would first like to ask the minister to explain clearly whether all the present pensioners will receive, without having to send for it, the application form which will entitle them to the supplement provided in the legislation? I would also like to know what will happen if an applicant passes away between January 1 and the date upon which he should receive his supplementary income benefit. If a pensioner should die in February or March, for instance, would his estate be eligible to the retroactive payments?

[*English*]

Mr. MacEachen: Yes, Mr. Chairman.

Mr. Korchinski: Mr. Chairman, I should like to ask the minister why the six months period was chosen. In some parts of this country the cold period lasts longer than six months, although it might not be as cold as in the middle of winter.

• (2:50 p.m.)

There are certain periods during the year when, because of dampness, people with poor health are forced to leave the country. I am wondering whether the minister will reconsider and allow an extension in these cases so that an applicant who receives a pension but lives outside the country will not have to go through the difficulties of again applying to the department each time he returns and leaves the country.

Mr. MacEachen: We are aware of this particular problem but there is a provision in the bill for the payment of the pension during six months following the applicant leaving the country. As soon as such an individual returns and is reinstated, he can again leave. This point was made earlier by the hon. member, and I will give it some consideration.

Mr. Scott (Victoria (Ont.)): I should like to ask the minister whether it is true that approximately 900 additional employees will be required to administer this change?

Mr. MacEachen: I have answered this question fully. We anticipate we will require an additional 400 permanent employees and an additional number of casual employees during the first four months.

Mr. Scott (Victoria (Ont.)): How many casual employees will be required?

Mr. MacEachen: I have placed this figure on the record on several occasions. I shall be glad to put it on the record again. The number of casual employees required is 675.

The Deputy Chairman: Does this conclude our consideration of proposed section 7 of clause 3?

Some hon. Members: Agreed.

The Deputy Chairman: We will now proceed to a consideration of the new section 8 of clause 3.

Mr. Rynard: This is probably the most clumsily drafted bill ever presented in this house. This is also the opinion of a number of people who are trained to draft bills of this kind. We should return to the principle of drafting bills which communicate their purpose to hon. members of this house.

I intend to move an amendment to assist those people in Canada who are over 65 years of age but who did not go past the third or fourth grade in school. They experienced two world wars and a great depression. They are now faced with increasing automation. This group comprises approximately 150,000 people in Canada. They have little income but are physically and mentally able to work. I refer to these people who do casual work such as gardening, cutting lawns, shovelling snow, babysitting, sewing and perhaps cleaning. These people earn in the neighbourhood of $400 to $800 per year. They do not keep books. They are faced with the necessity of paying their carfare to get to their jobs and buying tools and extra clothing. These people are happy to perform these small tasks and they are assisting the economy of this country.

As a result of the provisions of this measure we will be forcing these people to stay at home rather than work. They require transportation, extra boots, extra clothing and in some cases, tools. As a result of these necessary expenses they will find that by working they are money out of pocket. These people will find it cheaper to stay at home sitting on the front porch in the summer and watching television in the winter, if they can afford a television set. We are destroying these people mentally and physically. If they stay at home and do nothing they will degenerate to the point where they will have to be taken care of in homes or hospitals. One can find many of these people in our institutions. These people have not had the opportunity of earning very much during their lives and I ask the minister to give them some consideration.

By the provisions of this bill we will be doing a great disservice to those Canadians who for health purposes leave Canada on the advice of their doctors. There is a tremendous increase in the number of elderly Canadians who suffer from respiratory diseases such as emphysema, bronchitis and asthma. By discriminating against these people we are being penny wise and pound foolish.

In order to provide some opportunity for these people to obtain happiness I move:

That subsection (1) of new section 8 of clause 3 be amended by the addition of the following proviso thereto:

'Provided that no deduction shall be made in the case of a single person having earned less than three hundred and sixty dollars in the preceding year and in the case of a married person, otherwise qualified, having earned less than seven hundred and twenty dollars in the preceding year.'

• (3:00 p.m.)

The Chairman: Perhaps for the information of the committee I may read the amendment moved by the hon. member for Simcoe East:

That subsection (1) of new section 8 of clause 3 be amended by the addition of the following proviso thereto:

"Provided that no deduction shall be made in the case of a single person having earned less than three hundred and sixty dollars in the preceding year and in the case of a married person, otherwise qualified, having earned less than seven hundred and twenty dollars in the preceding year."

Mr. Chatterton: Mr. Chairman, I merely address myself to the propriety of the amendment, if that is satisfactory. I submit that this

amendment is in the same category as the two amendments submitted by the hon. member for Winnipeg North Centre, in that the royal resolution refers only to "provide for the determination of ... income". There is no definition whatsoever or restriction in the resolution as to the word "income". The proposed amendment does not interfere with the 40 per cent; it defines merely the income that is referred to in the royal resolution.

Some hon. Members: Question.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Some hon. Members: Order.

Some hon. Members: Go back.

Mr. Ricard: The question has not yet been put; what are you Liberals talking about?

The Chairman: Order, please. The question has not yet been put by the Chair; therefore hon. members are entitled to enter the chamber. I am now about to put the question.

Some hon. Members: Hear, hear.

Amendment (Mr. Rynard) negatived: Yeas, 42; nays, 60.

The Chairman: I declare the amendment lost.

Mr. Knowles: Mr. Chairman, I, too, indicated yesterday that I had an amendment that I wished to propose to the new Section 8, subsection (1), being enacted by clause 3 of Bill No. C-251. It is not necessary for me to restate at any length our basic position with regard to this legislation, but it does seem to me that the validity of our position has been strengthened as this debate has continued. Our position is that we welcome wholeheartedly the proposal to raise the amount available as an old age security pension in this country to $105 a month. but at the same time we feel that amount should be paid across the board. We are therefore opposed to any test of income, by whatever name it might be called, that denies to some of our senior citizens the full amount of that pension.

As the debate has continued, it has brought out the fact that the complications in connection with this program are going to be numerous. It has brought out the fact that the differences that will be established among people will be most unfair. I think that by now the Minister of National Health and Welfare should be persuaded that it would have been far better in the first place to have brought in a straight, across the board increase to $105 a month. I, therefore, rise now to give him the opportunity to consider this proposition again. It is not too late to make the kind of Christmas present to our senior citizens that would really be appreciated; and I do not have in mind the kind of celebration for Christmas that the Minister of Finance suggested out on the west coast the other night.

The new section 8 provides for a supplement to be paid on top of the $75, which for the year 1967 would be $30 and for any year after that would be 40 per cent of the amount of the old age security pension. That reference to 40 per cent in the case of years after 1967 of course takes into account the fact that the basic $75 may be increased by a maximum of $1.50 a year if the cost of living index rises by 2 per cent in each year. But the provision of this total package of $105 a month to pensioners is qualified by a test which is to be found in the first three lines on page 3 of the bill.

I think that test should be removed. Perhaps I may for a moment refer to the arguments the minister advanced when he did not like the fact we were asking that this legislation be extended and made permanent. I am sure he knew then that it was our view that not only should the legislation be made permanent but that it should be without a means test. As far as we are concerned, these two propositions go together.

Therefore, Mr. Chairman, in order to give the minister an opportunity once again to consider removing the test and making this $30 increase an across the board improvement in the pension, I move:

That clause 3 of Bill C-251 be amended by deleting from sub-section (1) of the new section 8 being enacted thereby, the words "minus one dollar for each two full dollars of his monthly base income, being one-twelfth of his income for the preceding year", as found in lines 1, 2, and 3 on page 3 of the bill.

• (3:10 p.m.)

So as to be clear, Mr. Chairman, if this amendment is accepted it would remove the test and make the $30 increase in 1967, and the 40 per cent of whatever the basic pension is after that, across the board without the kind of means or income test that is presently in the bill.

Some hon. Members: Question.

Mr. MacEachen: Mr. Chairman, I want to argue this point of order—

The Chairman: I hear the committee ask for the question. Perhaps I should first ask for comments about whether or not this amendment is in order.

Mr. MacEachen: Mr. Chairman, this amendment is quite different from any amendment proposed to the Chair thus far. The deletion of the words "minus one dollar for each two full dollars of his monthly base income being one twelfth of his income for the preceding year" would basically change the scheme contained in the resolution. The resolution provides for partial supplements ranging from $20 to $360 a year, or ranging up to $30 per month.

The resolution reads:

> That it is expedient to introduce a measure to amend the Old Age Security Act, effective with respect to months beginning with January, 1967, to provide for the payment . . . under that act of a monthly amount to be known as the guaranteed income supplement, to certain pensioners thereunder up to a maximum of 40 per cent—

I suggest that if this amendment were ruled in order it would have the effect of making $30 a month the only amount payable, and it would be payable to every pensioner in Canada.

Aside from whatever argument may be made as to the unsoundness of the hon. member's basic proposal, the resolution which carries the royal recommendation proposes a scheme which is explicitly declared in the resolution as making partial payments up to 40 per cent of the pension payable to certain pensioners. It seems to me that an amendment which makes the supplement payable to all pensioners and which removes entirely the possibility of a partial payment is certainly going beyond the scope of the resolution. It differs basically from any of the amendments proposed up to now in the committee, and I suggest it is out of order.

Mr. Knowles: When I prepared the three amendments that I have now presented to the committee I dared to hope that all three of them might be found to be in order so that as a result of our proposals we could make this the kind of plan it ought to be. As one who appreciates the rulings the Chair has given on my other two amendments I am going to have to say that, whatever you rule on this occasion, I shall be prepared to accept. I recognize the difference between this amendment and the other two. The other two related to subjects which were not mentioned in the resolution preceding the bill. In this case, what I am talking about in the amendment is referred to in the resolution. But it will be up to Your Honour to decide whether the form in which it was mentioned, namely, to provide for the determination of the income of a pensioner, is precise enough to prevent the committee from looking at this kind of provision when it is inserted in the bill.

I wish to argue that it is in order but at the same time I do not want to detract from the point that the Minister of National Health and Welfare has made, namely that the purpose of this amendment is to remove the test and make the pension automatic across the board.

I hope that Your Honour finds it in order; but if you do not we will find another opportunity to deal with the matter.

The Chairman: Is the committee ready for a ruling now.

Some hon. Members: Question.

The Chairman: The amendment moved by the hon. member for Winnipeg North Centre reads as follows:

> That clause 3 of Bill C-251 be amended by deleting from subsection (1) of the new section 8 being enacted thereby, the words "minus one dollar for each two full dollars of his monthly base income, being one twelfth of his income for the preceding year", as found in lines 1, 2 and 3 on page 3 of the bill.

This amendment too has received the careful attention of the Chair, and it is the opinion of the Chair that if the amendment were adopted it would have some very far reaching effects. Indeed, one of the effects of this amendment would be to repeal the latter part of the resolution adopted by the house on December 5. It would eliminate the supplementary nature of the payments envisaged by the bill, and would substitute therefor a fixed and certain payment of 40 per cent of this pension payable to recipients under the Old Age Security Act.

The latter part of the resolution reads as follows:

> —to provide for the determination of the income of a pensioner for the purposes of such supplement and for appeals by pensioners against decisions or determinations made under that act; and to provide for other related and consequential matters.

The amendment proposed by the hon. member for Winnipeg North Centre would delete from the bill the method or formula by which the income of a pensioner is determined for the purposes of such supplementary payments. If

the amendment were to carry, payments under this bill would be fixed rather than supplementary payments. As stated at page 551 of May's seventeenth edition, paragraph (13):

> Amendments or new clauses creating public charges cannot be proposed, if no money resolution or ways and means resolution has been passed, or if the amendment or clause is not covered by the terms of the resolution.

I recognize that this is the third amendment moved by the hon. member for Winnipeg North Centre, and I regret that on this particular occasion I will have to spoil his batting average by declaring the amendment out of order.

Mr. Knowles: Mr. Chairman, I regret it too but I accept your decision, naturally. However, I wonder whether the Minister of National Health and Welfare would not be willing in this case to do what he did in respect of the medicare debate. When reasonable amendments were proposed from this side of the house—one in particular which he said was out of order without a royal recommendation—he got this royal recommendation and brought the amendment in himself.

• (3:20 p.m.)

I wonder, in view of the argument that has taken place, whether the minister would not now reconsider his position on this matter and bring in his own amendment to provide for the $30 increase to be without a test of any kind.

Mr. Chatterton: I have a suggestion for the minister that I sincerely want to make. I will not move an amendment. I refer to the new Section 8, with regard to amount.

The minister has said that this is a new procedure. It is a new principle almost, being accepted for the first time by way of legislation. I ask the minister to consider this.

It is well established that the older a person gets the greater his requirements become. Evidence given before the Canada Pension Plan committee showed that a person needs $3 per month extra for every year by which he exceeded the age of 70. Ample evidence was presented to the Senate committee on aging to the same effect. I suggest to the minister—he may have to bring in a new resolution—that he consider the provision of an additional sum, another $10 or 33⅓ per cent, to old age recipients arriving at the age of 70. I hope the minister will consider this.

I am sure my proposal will be accepted by all hon. members. It does not disturb the principle of this measure but adds a new principle in a manner of speaking. The existing Old Age Security Act recognizes that at a certain age a person has certain requirements. My proposal goes one step farther, recognizing that a person reaching 70 needs more than a younger recipient. I urge the minister to bring in a resolution embodying my suggestion, because I am sure it would gain support from all sides of the house.

Mr. Starr: Mr. Chairman, this is an important bill having to do with the livelihood of our senior citizens. From the very outset of the introduction of the resolution we in this party endeavoured to put forward to the government what we considered the proper treatment of our senior citizens. At the resolution stage we moved an amendment which was defeated.

Since entering the committee stage, under the able leadership of the hon. member for Simcoe East who, with others, has done a tremendous job on this bill and who has led our party in the putting forward of amendments to the bill, we have tried to move humanitarian amendments on behalf of our senior citizens. Those amendments were voted down by government members with heartless determination.

We have exhausted all arguments to try to convince the government that it should not treat our senior citizens in the callous way it is now treating them but with human feelings. Our senior citizens have built this country, contributing to it through their taxes and work. It seems that the government is adamant in its position that the bill cannot be amended. The bill has to go through as it is before parliament. In view of this, I feel there is nothing further to be done by our party and we are prepared to pass the committee stage of this bill within the next half hour.

The Chairman: Is the Committee ready to deal with new section 9?

Mr. Barnett: Mr. Chairman, new clause 9, or subsection 9 of clause 3 is headed "Calculation of Income." As I understand it, this new section, which is rather complicated in its phraseology, sets out the basic principles of the matter. The minister enunciated that under this bill income is to be determined basically according to what is deemed income under the Income Tax Act. As I understand it,

this new section is founded on the provision of section 10 of the Income Tax Act which says that there shall not be included in computing the income of a taxpayer for the taxation year an amount that is declared to be exempt from income tax by any other legislation of the Parliament of Canada. That, I take it, is the foundation for this proposed new section of the Old Age Security Act.

When this new section is passed it will provide, generally speaking that while the determination of income in considering eligibility for supplementary benefits will be governed by the definition of income in the Income Tax Act, nevertheless certain items that would be calculated as income under that act will not in fact be deemed income for purposes of eligibility for supplementary benefits.

The particular part of the proposal interesting me is the one set out in paragraph (a) (1), which says that income shall be computed in accordance with the Income Tax Act minus:

—the amount of any pension or supplement and the amount of any similar payment under a law of a provincial legislature—

If I understand the meaning of that paragraph correctly, its purpose is to say that some of the payments made at the present time to recipients of old age security under the provision of certain provincial laws will not be considered income.

Relating this directly to the situation in British Columbia, I understand that what is colloquially known in British Columbia as the provincial bonus, paid to some recipients of old age security of limited means, will be outside the calculation of income so far as qualifying for the federal benefit of up to $30 a month. In other words, what we are saying in this parliament is that people in British Columbia now getting $30 a month—the amount proposed in this bill—or a portion thereof do not have to have that taken away from them, they will still get the $30 provided to them.

As I understand it, if the old people in British Columbia are to continue getting the provincial bonus some action by the legislature of the province will be required. Some change in the current regulations of the province will be required.

I understand that the premier of British Columbia was asked about this the other day, and he said he had no comment to make then. Nevertheless, I would hazard a guess. It is unlikely that the $30 provincial bonus will be withdrawn from those in British Columbia currently getting it as the result of the passage of this legislation. That being so, it seems to me we must address ourselves to the fact that some people will be getting payments similar to those provided under provincial law.

• (3:30 p.m.)

As I read the section, these people will not be able to deduct, when computing their incomes, payments similar to those being received by citizens in various parts of Canada as a result of actions by provincial legislatures.

I have particularly in mind the situation of Indians and Eskimos for whom the parliament of Canada has a direct and peculiar responsibility. There was some discussion about the needs of these people earlier, and if I understood the minister correctly he indicated to the committee that some arrangement could probably be worked out whereby payments to the Indian people could be continued. However, as the matter stands, I do not see any ground on which the minister could make such a statement. The wording of this section is specific. Supplementary payments can only be exempted from income when those payments are made as a result of action by provincial legislatures. It would seem to me that the payments which have been made through the Indian affairs branch would not be exempt. This is an important consideration; in my opinion it is one which should be discussed further before the clause is carried.

As a result of discussions we have had on Indian affairs during consideration of estimates and on other occasions, I believe we are making some progress in assuring that the Indian population receives the same level of benefits, the same general services in such fields as education, health and welfare, as do other residents of the provinces in which they live. We know that arrangements are being worked out with the provinces in this respect. It would therefore be most regrettable if by this legislation we were to place these people in a category different from that in which other citizens of this country find themselves.

I find the drafting of this section complicated, as I have mentioned, but I have attempted to close what appears to be a gap in the provisions of the new section. I should like to put forward this proposal in the form of an amendment, so that we may at least consider the pros and cons. I should like to move:

That clause 3 of Bill No. C-251 be amended by adding thereto following the words "provincial

legislature" in the new section 9, where they appear in line 17 thereof, the words "or of the parliament of Canada".

Mrs. MacInnis (Vancouver-Kingsway): I should like to press the minister more closely on a matter I raised a few days ago, that is, the arrangements which have been made with the provinces. I have not been here during the entire debate; I have been attending other committee meetings, and so on. But as far as I know the minister has made no statement on the subject of definite arrangements with the provinces apart from the first statement he made.

I have here a newspaper report from the Victoria *Colonist* of December 13 in which the premier of British Columbia is reported to have said that while he had been officially notified about the proposed payments increases, the situation was "still not too clear so far as Ottawa is concerned". The report added that Premier Bennett had no comment to make on the matter yet. The premier of British Columbia has thus taken the position that the information the minister has given him with regard to the arrangements for these supplementary payments is not clear, and he is not yet in a position to comment on it. For this reason, I believe the minister owes it to the committee to tell us now what arrangements have been made with the provinces with regard to the payment of this supplement?

All over this country elderly people are very worried about what will happen to the provincial supplements they are now getting, when this legislation comes into effect. People are anxiously asking us to find out just what will happen to the provincial payments; they are very worried lest these payments be discontinued. Can the minister tell us what further communications he has had with the provincial premiers, specifically with Premier Bennett? The premier is on record as having said the matter is not clear to him. Would the minister clarify the situation as far as the provincial supplement is concerned?

Mr. MacEachen: I would be happy to oblige the hon. lady and try to clarify the situation. There are two aspects of this problem. The first is: how do we treat supplementary assistance payments made by the province of British Columbia? Well, those are not reported as income for our purposes. They are excluded because they are not included in the definition of income under the Income Tax Act. So, an applicant from British Columbia receiving assistance in 1966 and applying to us would not be obliged to include that amount as income.

• (3:40 p.m.)

Therefore, the benefit being received from the province of British Columbia would not disqualify the person, or reduce in any way the benefit available from this program. Our definition of income is such that a person in receipt of that assistance supplement in British Columbia, is not disqualified.

The second point raised by the hon. member for Comox-Alberni has to do with the amount of any pension or supplement, and the amount of any similar payment under the law of a provincial legislature or of the parliament of Canada. The effect of that amendment would be to do something which is already done under the law because we could not include the Old Age Security pension, and the supplement, as part of income. Therefore, his amendment is totally redundant in that sense.

What we are asking here, which is something different to the point raised by the hon. member for Vancouver-Kingsway, is that if a province pays a pension like the $75 pension, how would we treat it under this program? We provide that it, or any supplement similar to our supplement, would not be treated as income for our purposes. The effect of that is to make it possible for a provincial resident to receive a benefit from a provincial government without losing any benefit under this bill.

There are two different aspects here. There is the aspect with respect to an assistance payment, which is excluded from the definition of income, and there is this direct provision which does not include as income the amount of any pension or supplement, and the amount of any similar payment under the law of a provincial legislature.

The only case in existence in Canada is the $25 payable by the government of Prince Edward Island. It is an across the board $25, above the $75, to every pensioner in Prince Edward Island. Under this provision the recipient of that pension from Prince Edward Island is not disqualified in any sense, so far as we are concerned, from receiving our supplement.

Mrs. MacInnis (Vancouver-Kingsway): Is there anything in this legislation which will protect the income of the old age pension recipient in the provinces? Is there any bargain with the provinces whereby they will not

reduce their payments by the amount provided in this supplement from the federal government?

Mr. Orlikow: I had the experience of listening to precisely the same argument while I was a member of the Manitoba legislature. The Conservative government of Manitoba in 1959 passed a social allowance act under which people in the province, whose income was less than an amount calculated by the province as needed to give a decent standard of living, were entitled to supplementary assistance from the province. This included people who got old age pensions from the federal government.

When I was a member of the legislature the federal government increased the old age pension from $55 a month to $65 a month, and every single person in the province of Manitoba who was a recipient under its social allowance act had the amount which they received from the province reduced by $10. This is precisely the point raised by the hon. member for Vancouver-Kingsway.

There is the possibility that Manitoba, British Columbia and Ontario, three provinces which I know have such plans, will take steps once the federal government pays this extra $30, or any part of it, to reduce the amount provided by the provincial plans by the $30, or whatever part of it is given to a pensioner by the federal government. I would like to know if the minister has consulted with the provinces about this point.

Mr. Pugh: Several days ago I asked precisely the same question of the minister as to whether any reduction would be made in the benefits paid by the provinces. I suggested that the minister had a duty to get in touch with the provinces to try and find out their intentions, and inform this committee of the results of his conversations. I do not know whether he did or not but I wish to ask him now, has he had any communication whatsoever with his opposite numbers in the provinces during the last two or three days? Has he asked them directly to give an assurance that there will be no reduction in provincial benefits and, if so, what reply did he receive?

Mr. MacEachen: Mr. Chairman, I have not been in touch with the provincial ministers of welfare to seek assurances that any benefits payable in the provinces would be reduced because of this program. But that is not because of any lack of interest. It is because this is a matter within the jurisdiction of the provinces and they could properly take some offence if I said to them, "We are doing this; please tell me your program is not going to be affected."

The maximum supplement provided by the province from which my hon. friend comes is $30 a month. This benefit which we are providing will not be affected in any way by that benefit payable by the province of British Columbia. But the question arises, what will the province of British Columbia do with respect to its additional $30? Will it make the total pension $135? Will it strike a figure somewhere between that and $105? This is a matter for the province to decide. All I can say is that if any province, including British Columbia, decides that additional supplementation is required above the $105, we certainly would be very glad to co-operate under the provisions of the Canada Assistance Plan and share the cost of the additional supplementation.

• (3:50 p.m.)

I think this will be a natural development in high cost areas of Canada. I believe that where pensioners need more than the guaranteed income of $105 a month under the Canada Assistance Plan, it will be provided and we will co-operate and share with the provinces in that. I hope my hon. friend will understand that the reason I have not sought the assurance is that I thought it was a matter for the province and I would have no real business to interfere.

Mr. Pugh: Mr. Chairman, may I continue on this other point? I do not wish the minister to think for five seconds that I was suggesting he might lack interest, because I know full well that this is his bill; it is his baby. I am sure that he wishes to give it a good launching. I think there has been a lack of communication. Two provinces have been mentioned. I do not believe that British Columbia will cut the supplement in any shape or form, but the province of Manitoba has been mentioned. When an old age pension increase was made, there was a corresponding decrease in the supplement paid by that province.

Any legislation passed by the federal government should apply equally to each and every person under similar circumstances throughout Canada. Does the minister have any information to the effect that one province might treat its elderly and needy citizens in a different fashion? Since this is federal legislation, I believe it is most important that

there be quality. I do not wish to reiterate the suggestion I made, but it seems to be a most important one; that is, that there should be equal treatment in respect of all citizens across Canada who need the benefit of the federal supplement. I do not have anything against this federal supplement. I think it is a good thing. But if in the giving of this we produce inequality in the different provinces throughout Canada, then to my mind that is wrong. This is a situation which could be prevented or cured through previous consultation with the provinces.

On many occasions, in respect of much of our legislation on various subjects, we have heard a great deal about the lack of communication with the provinces. In fact, the government has been castigated fairly severely from time to time because there had not been this prior consultation. The former Minister of National Health and Welfare started off on another plan. It had to be scrapped because immediately the premiers of the provinces said that they did not want that plan. The minister has stated that under this legislation we are not going to treat the provincial pensions as income; that is, if the people are receiving any side benefit in any province that benefit will not be treated as income under the Income Tax Act and therefore will not upset the payment of the maximum amount of $30 to each and every citizen who is entitled to it. We know that. That is all right. But, we do not know how the provinces will treat this supplement.

We do not know whether the provinces will maintain their present supplements in the form in which they are and have what you might call a reciprocal arrangement with the federal government. The provinces could say to their people that anything they receive from the federal government will not be regarded as something which would upset what they are receiving in the way of a supplement from their province. I think it is important that we know that. The situation in respect of Manitoba has been pointed out. There is a strong possibility that the supplementary old age assistance which will be paid by the federal government will have a lesser effect in respect of the citizens of Manitoba.

I feel quite confident that in the province of British Columbia there will be no diminution of the amount paid. That province is, if not ahead of every other province, certainly second to none with regard to payments. Why should the citizens of the province of British Columbia be treated in the end result any differently than the citizens of the province of Manitoba?

As I have said, the minister was delinquent in his duties. I might put it the other way around. I wish the minister would take the trouble to co-operate in this regard with the provinces. Having said that, I should like to ask the minister to reply. I think that sums up my remarks.

Mr. MacEachen: I assure my hon. friend that we will consult with the provinces in every way in respect of their programs. There is, in fact, an inequality which exists at the present time among the aged people of Canada, because some provinces make supplements available and other provinces make little if any available. The federal system is such that all will be treated exactly the same. This is the reason the bill has been written in this manner. The pensioners in every part of Canada will be in precisely the same position with relation to this legislation.

Mr. Mather: I have been listening to the minister, but I would like to be quite clear on one point. Am I right in thinking that there is nothing in the proposed legislation which in any way would prevent a province continuing its present $30 supplement to the older people?

Mr. MacEachen: That is right.

Mr. Mather: Thank you.

Mr. Barnett: Mr. Chairman, I should like to ask the minister a question and I hope he will not consider it to be a request for a legal opinion. Earlier he mentioned the word "pension" in referring to this section and suggested there is only one province in Canada, namely, the province of Prince Edward Island, which had enacted a pension. I can understand the intent to cover the situation in the province of Prince Edward Island, but I find the wording here a little puzzling in respect of how it would relate, for instance, to pensions enacted under the Municipal Superannuation Act which we have in the province of British Columbia or the British Columbia teachers pension which is set up under the law of the province of British Columbia. As this is worded, is it the intent that pensions of this type which are provided under provincial laws are not to be regarded as income?

• (4:00 p.m.)

Mr. MacEachen: I think the expression "pension" used in this respect is a payment similar to payments under the Old Age

Security Act. In other words, a pension under the Old Age Security Act is the monthly payment authorized to be paid under this act. It is different from a pension paid, for example, to a superannuated teacher.

Mr. Barnett: I am willing to accept the minister's point in that regard although I find it a bit puzzling. We now come to the phrase "any similar payment under a law of a provincial legislature". I raise this question because I have not heard the minister during the discussion this afternoon state whether he has any objection to the subject of my amendment. If the minister is prepared to support it I should be glad to hear him say so, because it might be of some guidance to other members of the house.

The minister has said nothing to clarify the position of the Indian people of Canada. As I said, these people are my main concern so far as my amendment goes. What is the position of Indian people on reserves who do not receive similar supplementary payments from the provinces? The minister gave us a long answer about the benefits people get from the provinces but what happens in respect of those people getting similar payments as a result of the actions of this parliament? As I read this part these people will be disqualified and discriminated against. The minister has not dealt with that question.

Mr. MacEachen: I have dealt with it. My hon. friend is talking about assistance payments which are not counted as income for the purpose of this program. Any assistance payment received by any person, including Indians, will not disqualify him for payments under this bill.

Mr. Barnett: Will the minister point out where this bill states that assistance payments are not regarded as income? This bill has its complexities so far as drafting is concerned, but I have not been able to discover that reference.

Mr. MacEachen: The bill refers to income for a year computed in accordance with the Income Tax Act, and that act excludes assistance payments as income.

Mr. Barnett: Can the minister tell us where the Income Tax Act states that assistance payments are excluded as income? I looked at section 10 of the Income Tax Act before drafting this amendment. I may have missed the reference. It does spell out as exclusions workmen's compensation payments, unemployment insurance benefits, certain payments under war veterans' pensions and compensation received under the regulations of section 5 of the Aeronautics Act. It also refers to the Halifax explosion and payments made by the Federal Republic of Germany.

I am not anxious to press my amendment just for the sake of pressing it but I am anxious to make sure that the superintendents of Indian Agencies across this country are not going to be put in the position of having to cut down on payments to Indian people. I want to make sure that the Indian people are to be eligible for benefits under this legislation.

Some hon. Members: Question.

Mr. Barnett: Mr. Chairman, I suggest that certain hon. members on the other side contain themselves while the minister peruses the act.

Mr. MacEachen: I do not wish to detain the committee, but I cannot find in my papers the exact provision which excludes assistance payments. These payments have been excluded for the purpose of the Income Tax Act. If there is any doubt whatsoever in this regard this will be spelled out in revisions to the Income Tax Act.

Mr. Knowles: Can the Minister of Finance not help you?

Mr. MacEachen: He just has, very obligingly.

Mr. Barnett: I do not wish to delay the committee. I have the 1965 consolidation of the Income Tax Act in my hand, and if it will be of any assistance to the minister I will send it across to him. It just is not good enough for the minister to say that under some vague undefined provision of the Income Tax Act this situation will be looked after. That is not the kind of answer we expect when we are being asked to deal with legislative proposals in this house.

Mr. MacEachen: Perhaps the hon. gentleman would listen for one moment and be reassured that, by practice under the Income Tax Act, in respect of the Indian population, with whom he is so greatly concerned, assistance payments have never been included as income for the purposes of that act. If my hon. friend regards that practice as being inadequate for his purposes let me give him my assurance that this exclusion will be spelled out in the Income Tax Act.

Mr. Barnett: Mr. Chairman, so that we have this clear let me say that I know income of Indian people derived from their reserves is not regarded as income under the Income Tax Act. What I am talking about are supplementary payments which are equivalent to payments made under provincial laws. Are those people who are receiving the old age security pension under the existing act eligible for the benefits of this provision provided they meet the other qualifications? I am not talking now about someone who may have outside income. Are these people going to get the $30 per month in addition to what they now receive in the way of assistance payments from the Indian affairs branch? The minister has not dealt with that question.

Mr. MacEachen: This is the third occasion this question has been raised. I dealt with it on each occasion, but I will be glad to do so again. The fact of the matter is that the number of payments or supplementations paid to Indian pensioners is very small. The great majority of Indian pensioners will be much better off because of this provision in this bill. We believe that in most cases Indian pensioners will be better off because of this supplement which will bring their incomes up to $105 per month. If their requirements are in excess of this supplementary payment, further assistance will be made available in accordance with the practice in the provinces.

• (4:10 p.m.)

Mr. Barnett: Mr. Chairman, I listened to the minister say exactly the same thing the other day. As far as I am concerned, he is saying that in no case is an Indian living on a reserve in the province of British Columbia going to receive more than $105 a month, whereas other citizens in the province of British Columbia, if the provincial government decides to take action, will receive up to a maximum of $135 a month. I may be wrong about this and the Minister of Indian Affairs and Northern Development is in the chamber and can correct me if I am wrong, but my understanding is that there is already in effect or in process of negotiation an arrangement whereby the Indian people in British Columbia living on reserves will receive the same amount as other citizens of the province or as Indians who live off the reserves in respect of what are described here as similar payments, in other words, the supplement, welfare payments and the like.

The minister has just finished saying that Indians across Canada who are receiving old age security are now getting very little, if anything, more than the basic old age security. This is something some of us have realized for a long time, and we have not been very happy about the situation. The minister has said in effect that when this bill comes into effect these little bits of payments they are now getting, which do not amount to much, will be withdrawn because they will be receiving the $30. The minister still has not shown us that there is any provision in the law to take care of this situation, as is done by the amendment I have proposed which would put people receiving those kinds of payment under legislation of the federal parliament in exactly the same position as people receiving them under provincial law.

Mr. MacEachen: The payments which Indians may be receiving from the department cannot be considered as a pension or a supplement under the terms of this particular clause. This is the point I am making. They are not a pension or a supplement. I have said that the provision of this supplement will improve the income situation of the great majority of Indian pensioners. There is no doubt about that. They will be better off. If in any province additional support is required, it will be made available in accordance with the practice that is followed by the department. This is really the point.

Mr. Barnett: The practices followed by the department in the administration of Indian Affairs are fairly hard to define. I might point out to the minister that I could make an argument that his department is illegally administering a program of health services for the Indian people, that there are no rules or regulations governing this sort of thing, that as far as I have been able to find out there has never been any transfer of duties under the Transfer Of Duties Act to give the minister that authority. But I am not suggesting he stop making these payments.

What is the meaning of the phrase "of any similar payment"? I took it to mean that, whether it was called a provincial bonus, mother's allowance or social welfare under provincial law, these amounts would not be regarded as income for the purpose of computing eligibility under this act.

Mr. MacEachen: "Pension" is defined in the Old Age Security Act and the expression "supplement" is defined in this particular bill. The words in the clause are:

(1) the amount of any pension or supplement and the amount of any similar payment under a law of a provincial legislature,—

This has to do with a pension or supplement, not welfare payments. The hon. gentleman is talking about Indians receiving welfare payments. This is not a welfare payment.

Mr. Barnett: We could debate that point, Mr. Chairman, and also whether what some people in British Columbia call "Bennett's bonus" is a welfare payment. I have never been able to see any distinction between the two. I am not trying to be obstinate. Does the minister see any harm in agreeing to this amendment, in case some of these vague sections in the Income Tax Act which he has not been able to find do not apply?

Mr. MacEachen: We are talking about a pension or a supplement, which are defined in the Old Age Security Act and the amending act. The amount of any pension or supplement and the amount of any similar payment under a law of a provincial legislature and the parliament of Canada, which refers to the pension or supplement, is by virtue of new section 9 (a) (i) exempted from income. In other words, it really repeats what is already done in the section. This is the only point I have to make. What the hon. gentleman is seeking is already accomplished. This is the only reason I do not accept his amendment.

Mr. Knowles: Mr. Chairman, the minister keeps giving us his assurances that things are going to be all right. He has given us the assurance that it will be a very simple matter to apply for this supplement. I was reminded of this a moment ago when he read about eight or ten words from the new section 9 which we are now discussing. The minister read the words, "is his income for that year computed in accordance with the Income Tax Act". I draw his attention to the fact that those few words are taken out of a section which is 27 lines long, has in it 181 words and comprises one sentence. I suggest that probably a good many members of the house have not yet read the whole sentence.

Despite the minister's assurances, I am afraid that when supplement applicants are presented with an application form based on this definition of "income" they will have to go to a lawyer, their member of parliament, or what have you. The minister shakes his head. Let us have that on the record. He says it will be a simple form. I cannot see how a form that carries out the lengthy definition of "income" in the new section 9, or the estimate of "income" in the new section 10, plus the special provisions for married applicants in the new section 11, can be anything but a very complicated document that will confound applicants. I regret very much that the minister has not seen fit to let us have a copy of the form that people will have to use for this purpose.

Mr. Gilbert: Mr. Chairman, I wonder whether the minister would help us by telling us how a pensioner is going to fill in this simple form. If the pensioner rents a room or two, will he be able to deduct from the income derived therefrom a percentage for depreciation, a percentage for heat, light and insurance? Are these things going to be set out in the simple form that the minister hopes to present to the pensioners? Second, if a person derives income from a mortgage under which payments are made in respect of principal and interest, will the government help the old age pensioner determine what is principal and what is interest? Third, if the old age pensioner has a boarder who pays his room and board, what allowance is made for the cost of the food and all the other aspects of depreciation of effects? Would the minister assist me on this?

• (4:20 p.m.)

Mr. MacEachen: Mr. Chairman, there is an effort to complicate this procedure beyond all reason. The hon. member knows that most citizens in Canada, including old age pensioners, fill out income tax forms. There has never been any indication that filling out an income tax form was beyond the intelligence of most Canadians. If people do run into difficulties they can get help from friends, neighbours, relatives, sons and daughters.

The income tax form itself is a familiar document and is filled out by the majority of the population in Canada. The form that we are proposing is simpler in nature than any income tax form—in my view much simpler. The hon. member has raised very technical questions, but the pensioners is in no different category from anybody else who fills out income tax forms. If they do need assistance it is available either from the income tax department or from district pensions offices. So let us take the view that for the great bulk of the old age pensioners it will be a relatively simple operation.

Even though the pensioners in my riding are not part of any urban group I know they can take steps to obtain help if needed in filling out these forms. But if the old age pensioners do encounter technical questions of the nature raised by the hon. gentleman, they would undoubtedly seek assistance.

Mr. Starr: Mr. Chairman, I am rising on a question of privilege. I think it is opportune to do so now because it is the first opportunity I have had. I have learned something within the last few minutes which I feel compelled to raise at this time.

Yesterday the Minister of Transport resorted to shabby trickery when he put forward a motion at a time when it was understood among the house leaders that this would not be done. As a result we wasted more than three hours, which could have been fruitful hours spent considering this bill.

Last night we passed clauses 1 and 2 and today we have been putting forward some amendments, without success. Approximately an hour ago I rose from my seat and stated in effect that, having exhausted our efforts to convince the government it should take a more humanitarian view toward our elderly citizens, and it being evident that the government was adamant in its position, we were prepared to pass the balance of the clauses in this bill within the next half hour. Of course, the N.D.P. members have had points to make, for which I do not blame them.

It has been brought to my attention, Mr. Chairman—and this grieves me more than anything else—that the government house leader has made a statement over the radio and in the press to the effect that the opposition is indulging in a filibuster and making threats with regard to the Christmas recess if certain things were not done. I have always trusted people with whom I have dealt and I like them to be frank. If they have anything to say to me they should say it to my face instead of using the press as a battering ram, a means of communication for putting forward statements that are not entirely true. That is my question of privilege.

Mr. McIlraith: Mr. Chairman, I have neither heard the statement nor read it, but I should advise the house that this morning when I came to the house I went to the hon. member's office and was unable to find him there. I telephoned him at his hotel and asked him to come up to the house because I wanted to discuss the rule change proposals I had. I spent a considerable time, about an hour or so, before eleven o'clock talking to him.

I came directly to the House of Commons and the hon. member saw me here. I left the house for a very brief time over the noon hour, had my lunch privately in my room with a man who, I can assure hon. members, was in no way associated with the press. At the conclusion of that I returned to the house and then, left for a very brief interview with the mayor of one of the local municipalities, whom I was very glad to meet. Having talked with him I came back into the House of Commons. I have not seen any newspapermen today nor talked on the telephone with any newspapermen or communications men. I have had no contact with anybody in the television, radio or newspaper world today.

I simply do not know what the hon. member is talking about. I do not wish to discuss what I think about the conduct of the hon. member's party at times, but I certainly have had no occasion to say what I think about its conduct within the recent past and I do not think it would be germane to do so at the moment. I am a little surprised at some of the things said in the house earlier today by their leader, but they may have been due to lack of communication. But in any event I have done or said nothing to warrant any requirement to apologize or anything else.

Mr. Starr: Then, Mr. Chairman, on my question of privilege—

Mr. Choquette: I rise on a point of order.

Mr. Starr: I am speaking to a question of privilege.

Mr. Chairman, I have just heard the house leader tell the committee what he has done today, but in order to put the record straight I point out that the story in today's Ottawa *Journal* by the Canadian Press is as follows:

> M.P.'s may have talked themselves out of a big chunk of their Christmas vacation.
>
> Government house leader George McIlraith said in an interview Thursday night there's been so much debate on the government's guaranteed income measure that the Commons may have to delay the start of its proposed 11-day vacation by one day.
>
> It also might have to come back a few days earlier, he said.
>
> Mr. McIlraith accused the opposition parties of conducting a filibuster against the guaranteed income legislation which would add as much as $30 monthly to needy old age pensioners.

The minister did not mention in his interview the shabby trickery of the Minister of Transport in this house yesterday in introducing his motion. If the minister was going to give interviews, instead of undermining the trust amongst the house leaders he should have told the whole truth and nothing but the truth.

Mr. McIlraith: I did state the whole truth. Last night I came into this house and found

the most obvious filibuster going on that one could imagine.

Mr. Starr: Based on the shabby trickery of—

Mr. McIlraith: Hear me out; I have been courteous to the hon. member. When I found this out I may have said last night that what was at issue—

Mr. Starr: May have? You did.

Mr. McIlraith: I may have said that in view of the progress with legislation in the house we might have to curtail our prospective recess. As I said, Mr. Chairman, I have not seen the press statement, but if that is what is in the article it is perfectly accurate and I would have said it to anybody. When I found this filibuster in progress I immediately and as quickly as I could—

Mr. Starr: You are not telling the truth.

Mr. McIlraith: —took appropriate steps, or what I thought were appropriate steps, to correct the situation. I moved very swiftly, firmly and directly into the situation.

Mr. Starr: Because you knew you had done wrong.

Mr. McIlraith: Furthermore, when the hon. member speaks of telling the truth perhaps he will tell his colleagues in the official opposition what I said about my attempt to get an appropriate recess settled. Perhaps he will report to his colleagues, as he obviously has not reported to his seatmate, on some other subjects that we were dealing with.

Mr. Churchill: You are using the club.

Mr. McIlraith: I do not wish to be accused of not telling the truth, because in dealing with matters I find the only way one can carry on is to tell the truth, if for no other reason. There are other reasons for telling the truth but that is a good one. I did not expect in any way a charge from the hon. gentleman. I have not in any way undermined him. I have the right to express a view of his party's conduct, and I should think that he would apologize to the house for his lack of communication. In any event, I will not press that. I hope the house is fully satisfied with the explanation. I hope we can get on with the urgent business now before the house.

• (4:30 p.m.)

Mr. Starr: Sit down. I have made my point.

[Mr. McIlraith.]

The Deputy Chairman: Having heard arguments from both sides of the house, let me bring to the attention of members of the committee article 41A of our standing orders which says:

> Unless notice of motion has been given under standing order 41, any member proposing to raise a question of privilege other than one arising out of proceedings in the chamber during the course of a sitting shall give to the Speaker a written statement of the question at least one hour prior to raising the question in the house.

Mr. Barnett: Mr. Chairman, may I very gently draw to the attention of the committee the point that we have before us an amendment, and my understanding of the rules is that we must observe relevancy in discussing amendments before the house.

Amendment (Mr. Barnett) negatived: Yeas, 31; nays, 48.

The Deputy Chairman: I declare the amendment lost.

Mr. Knowles: Before we leave new section 9 will the minister explain the last part starting at line 31 with the word "minus" and continuing for five more lines?

Mr. MacEachen: "Minus . . . where the spouse of that person"—

Mr. Knowles: That is it.

Mr. MacEachen: In calculating the supplement payable to a married person the idea is to take into account the combined income of a married couple. This part provides for the case where a married pensioner has an unmarried spouse—

Mr. Knowles: An unmarried spouse?

Mr. MacEachen: I beg your pardon. A non-pensioned spouse.

Mr. Knowles: What does this provide, Mr. Chairman? This is interesting.

Mr. Pickersgill: Let us keep sex out.

Mr. MacEachen: Let me start again. This provides for an old age pensioner with a spouse who is not an old age pensioner. In collecting the supplement the combined income of the couple is taken into account. In the case of calculating the supplement in this particular situation $900 of the non-old age security income is sort of put to one side to take into account the non-pensioned spouse. By taking that out of the income and putting it to one side you of course increase the supplement payable to the pensioner, which

otherwise you would not do. This is basically the way it works.

Take, for example, a pensioner who has other income—forget his pension—of say $100 a month, and the non-pensioned spouse has no income. The combined income is $1,200 and in order to calculate the supplement, the pensioner who has applied will divide that $1,200 in two. You therefore have $600 and you substract $450, which is six times the amount of the pension that may be paid to a pensioner for any month in that year. The remaining income on which the supplement is paid is $150. The effect of the operation of this part is to put to one side half of the income of the spouse in receipt of the pension.

Mr. Diefenbaker: Is that an example of how simple this bill is? It would take a Philadelphia lawyer to understand it.

Mr. Knowles: There may be members in the house who can understand it, but how will the minister make this clear to the married pensioner with a non-pensioned spouse seeking to fill out the form?

Mr. MacEachen: We hope that we shall make it clear to pensioners by means of examples. I admit that when you read this legal sentence it is quite baffling. It was to me. Perhaps it is not to the hon. member for York South or other legal personalities.

An hon. Member: He would make it twice as long.

Mr. MacEachen: It is really a way of providing a higher supplement in the case of a pensioner who has a spouse not on pension. I thought that to have that additional benefit it would be worth having the four complicated legal sentences in here. I took that risk hoping that the benefit to pensioners would outweigh the criticism I would get for this complex paragraph.

The Deputy Chairman: Does this terminate consideration of new section 9 of clause 3?

Some hon. Members: Agreed.

The Deputy Chairman: Shall new section 10 carry?

Some hon. Members: Carried.

The Deputy Chairman: Shall new section 11 carry?

Some hon. Members: Carried.

The Deputy Chairman: Shall new section 12 carry?

Some hon. Members: Carried.

The Deputy Chairman: Shall new section 13 carry?

Some hon. Members: Carried.

The Deputy Chairman: Shall new section 14 carry?

Some hon. Members: Carried.

The Deputy Chairman: Shall new section 15 carry?

Some hon. Members: Carried.

The Deputy Chairman: Shall new section 16 carry?

Some hon. Members: Carried.

• (4:40 p.m.)

The Deputy Chairman: Shall new section 17 carry?

Mr. Knowles: Mr. Chairman, would the minister tell us what precedents there are for this digression from the general rule under the Income Tax Act? This seems to be a section which makes it possible for the Minister of National Revenue to give information to the Minister of National Health and Welfare obtained from the income tax returns of individuals. We had a long dissertation this morning from the Minister of Finance about the sacredness of income tax returns. Perhaps the Minister of National Health and Welfare would tell us whether there is any precedent for what is proposed in this section?

Mr. MacEachen: I do not know of any precedents. I have not checked but I am not aware of any precedents. Nor can I say there are no precedents.

Mr. Knowles: Should we not take a moment to consider this question even at the risk of being accused of filibustering? If we are for the first time making it possible for information obtained by the Department of National Revenue to be communicated to another department, should there not at least be some defence or some justification of this innovation?

As we have pointed out, the minister has not yet convinced us that this process is a simple one. He has not really convinced us that there is not a means test in operation here. I do not wish to borrow the word

"snooper" which the Leader of the Opposition used, but is this not what is implied by the provisions of this section? Even apart from my own use of the words "means test" and the use of the word "snooper" by the Leader of the Opposition, should we not have a clear statement about this departure from the established practice under the Income Tax Act?

Mr. MacEachen: I think I have covered this point already. All we are providing here is that the Minister of National Revenue may, upon the request of the Minister of National Health and Welfare, furnish information on the income or source of income of an applicant or beneficiary. This is information about income, and the purpose of this provision is to provide some means of checking the information provided in the statement of an applicant. All this has been made clear to the committee from the beginning of our discussions when I pointed out this would be the only check available to us for this purpose.

Mr. Cameron (Nanaimo-Cowichan-The Islands): I am astonished by the minister's explanation, because it is not very long ago that the Minister of Finance stood in his place and raised his hands in horror at the thought that any hon. member would ask him to contravene the Income Tax Act by revealing information about skulduggery in the financial world, information which, had it been revealed, might have prevented many people from losing money. But it is now proposed to set aside this provision of the Income Tax Act in order to snoop on old age pensioners. I should like to see the two ministers get together, because the Minister of Finance was extremely self-righteous about this very point earlier today.

Mr. Sharp: This legislation, as I understand it, is authorizing the Minister of National Health and Welfare to obtain information from the Department of National Revenue for a specific purpose. Parliament is being asked to give its approval to that procedure. As far as I know, parliament has not approved any procedure which would enable the tax returns of individuals to be revealed to anybody else. If parliament feels this proposal is unreasonable, it can turn it down. As far as I am concerned, I do not have access to income tax returns, and the Minister of National Revenue has no authority from parliament to reveal any information on individual taxation matters to me or to anyone else.

[Mr. Knowles.]

Mr. Cameron (Nanaimo-Cowichan-The Islands): As I recall the minister's remarks, he was objecting not only on legal grounds but as a matter of high principle, and was surprised that any hon. member would suggest that he or anyone else might seek information which is confidential to the income tax branch. Yet apparently he can accept with equanimity the proposal which is contained in this new section.

Mr. Sharp: If parliament authorizes the necessary statute, it can give the Minister of National Revenue the right to show income tax returns to anyone he wishes, and I would have no protest to make. But he does not have that authority. Parliament is now being asked to authorize a provision which will allow tax information to be communicated for certain purposes, or for a specific purpose, and if approval is given, the situation would be altered accordingly.

Mr. Lewis: The obvious answer to the Minister of Finance is to say that when he first found out about this skulduggery he could have done precisely what the Minister of National Health and Welfare has now done. He could have come before parliament and asked for exemption from the secrecy provision which attaches to information in the Department of National Revenue in order to get at the people concerned and put an end to these depredations.

I also wish to point out to the Minister of National Health and Welfare that he has not told us the full extent of the power which is made available in this new section. The section says, in fact:

> —the Minister of National Revenue or any person designated by him for the purpose may, upon the request of the minister, furnish to the minister or any officer or employee in the Department of National Health and Welfare—

Information and so on. This seems to amount to snooping of the worst kind. It means that any employee engaged in this field can go and ask for this information without even asking his minister to authorize him to do so. It seems to me that this is entirely reprehensible.

Mr. MacEachen: A few minutes ago the hon. member for Winnipeg North Centre asked whether there was any precedent for this action and I said I was not aware of any precedent. I have now to advise him that there is a precedent under the Canada Pension Plan legislation. The authority given

there is considerably wider than is sought here.

Mr. Lewis: Is there the same provision that any officer or employee may have access to the information?

Mr. Knowles: There is a difference between the Canada Pension Plan and this piece of legislation. The Canada Pension Plan is based upon contributions and an individual account for every pensioner. That is not the case here. It strikes me that the example given by the minister is not sufficient precedent for the action now proposed. In view of the statement made by the Minister of Finance earlier today, I feel it is not good enough to assume that parliament will now agree to this proposal. I therefore move:

That clause 3 of Bill No. C-251 be amended by deleting paragraph (a) from subsection (3) of the new section 17 being enacted thereby.

• (4:50 p.m.)

It starts at the bottom of page 9 and concludes at the top of page 10. I have only one copy of the amendment because I have just drafted it within the last minute or two.

Mr. Pickersgill: Is the hon. gentleman satisfied that the bill would make sense with this amendment?

Mr. Knowles: It does not destroy the rest of the section. It still leaves section 3 with another part, and the law officers of the crown have the authority to do any repunctuating that is necessary. The effect of this amendment is to strike out lines 41 to 49 on page 9 and the first five lines on page 10 of the bill, and I suggest it has no effect on anything that was set out in the resolution preceding the bill.

The Deputy Chairman: For the information of the committee I will read the amendment. It is moved by Mr. Knowles that clause 3 of Bill C-251 be amended by deleting paragraph (a) from subsection (3) of the new section 17 being enacted thereby.

Mr. MacEachen: Mr. Chairman, I think it would be wrong to proceed further without pointing out that parliament is not being asked to take an unusual action in approving this particular section. As a matter of fact, the authority granted by parliament under the Canada Pension Plan is much wider than the authority sought in this bill, because it provides that notwithstanding any other act or law, any information obtained by an officer, clerk or employee of the Department of National Revenue, the Department of Finance and the Unemployment Insurance Commission "for the purposes of the administration of this act may be communicated by him to an officer, clerk or employee of the Department of National Health and Welfare". Therefore there is a system in vogue by which the Department of National Revenue can make information available to the Department of National Health and Welfare. We are asking for this authority with respect to certain items affecting the income of persons, and the whole concept we are attempting to build up would be destroyed if this amendment were accepted. I ask the committee to reject the amendment.

Mr. Barnett: If the minister would reread that section of the Canada Pension Plan Act which he has just read, it should be apparent to him that far from being much wider than what is proposed here it is a very narrow and specific provision. I have not got the text in front of me but I think he will find it is restricted to contributions with respect to the Canada Pension Plan.

But this new section in this bill opens up the whole field of income and the sources of income of an applicant, and I submit this is a very different thing from the provision which the house agreed to with respect to the administration of the Canada Pension Plan. At that time we agreed that for the purposes of economy of administration officers of the Department of National Revenue could transmit the appropriate information with respect to contributions made by individuals to the other department which was going to handle the payment of pensions under the Canada Pension Plan. My understanding is that it was a very narrow and very specific provision for the obtaining of information from the Department of National Revenue and that it did not include anything of the kind that is proposed in the new subsection, which reads in part as follows:

—relating to the income or income from a particular source or sources of an applicant or beneficiary or the spouse of such applicant or beneficiary or otherwise relating to any such applicant, beneficiary or spouse—

The whole question of income and all the factors relating to it are opened up for inspection under this proposal, and I submit the minister is completely in error when he tries to say that the Canada Pension Plan provisions are wider than the implications of what is being proposed here.

Old Age Security Act Amendment

Mr. McCleave: If we adopt what is proposed in this legislation we will be incorporating in it a nuclear bomb to drop on a very few malefactors, and that seems an excessive approach. If somebody is going to set out to defraud the taxpayers a check could be made in other ways. Perhaps neighbours would tell on him, or these 400 or 500 civil servants who are going to be hired to administer the plan would find out. This is a very far-reaching weapon to catch a limited number of people, and for this reason I support the amendment to delete it.

Mr. Diefenbaker: Mr. Chairman, will the minister reconsider this matter? On the face of it the amendment seems like a reasonable one. We do not want to establish a "snoopocracy" in this country, but that is what is going to happen under this new section.

Today we had an unusual answer given by the Minister of Finance when he spoke in such pious terms of the sanctity of the information that could be furnished or secured. He garbed himself in the clothes of legal righteousness and said, "I would never allow a thing like this to happen." Thousands of people are going to be defrauded. That is what has happened. Millions and millions of dollars are lost to Canadians, and the minister said, "Oh, we cannot do anything about that." The minister had information in the month of January. He did not ask parliament then for a release in respect of information that was available and which would have prevented or at least alleviated a gross fraud on thousands of Canadians with small incomes. These people trusted, and now they are going to suffer. The government has taken the attitude that it cannot or will not do anything.

If there is to be one law applicable to those who are powerful, let there be the same treatment for the average Canadian of 69 years and over who makes an application for this extra supplement. Certainly this reveals that the whole proposition is one of a means test. Why, in respect of Canadians who are poor and needy, does the government place itself in the position of securing information to be used against these people when at the same time it shows, as did the Minister of Finance today, such an unusual solicitude for the powerful who defraud? An amendment such as this would have covered the situation in respect of the frauds that have been committed by those connected with the insurance company to which reference was made earlier today.

[Mr. Barnett.]

• (5:00 p.m.)

I say to the minister that the section he referred to in the earlier act is not as comprehensive and as wide as the power sought here. I do not have the section before me, but the hon. gentleman who preceded me said it is much less ample than the one that is going to be applied to the old people of our nation. I can only say that as I listened to him I came to the same conclusion. In this case there is amplification to a degree which cannot be justified. This section, on the face of it, would seem to indicate that the government is fearful that it is going to be terribly defrauded by a few who may endeavour to take advantage of the situation. Do not let us pass an omnibus section like this in order to check on the poor and the needy while at the same time those who are powerful financially will remain immune under the protection they already have.

Mr. Sharp: Mr. Chairman, lest these remarks of the Leader of the Opposition should be taken too seriously—

Mr. Diefenbaker: They are very serious and should be taken seriously.

Mr. Sharp: —I should like to make some comment to show the sheer hypocrisy of the view he has taken—

Some hon. Members: Five o'clock.

Mr. Sharp: —and to suggest that he does so entirely for purposes which he seems to have in mind—

Some hon. Members: Five o'clock.

Mr. Sharp: —and because of his desire to put the administration—

Some hon. Members: Five o'clock.

Mr. Diefenbaker: The hon. gentleman is an authority on hypocrisy after his exposition today.

Mr. Sharp: Mr. Chairman, I hope I will be permitted to make a few remarks. The right hon. Leader of the Opposition has suggested that in some way the federal government interfered with the prosecution—

Mr. Diefenbaker: Failed to act.

Mr. Sharp: —of people who had defrauded the public.

Mr. Diefenbaker: Failed to act.

Mr. Sharp: There was nothing in what I said this morning which could lead to this conclusion. What I said then I will repeat now. As I said, I confirmed that Mr. Gruber had been in touch earlier in the year with the Department of National Revenue and the Department of Insurance. I do not know about the department which is concerned with bankruptcy, because this is not within my purview. Just the other day I learned about this approach by Mr. Gruber. I inquired about it. I discovered that so far as the Department of Insurance is concerned the officials there had acted with all due diligence to protect the interests of that insurance company which is under the supervision of the federal government. So far as the Department of National Revenue is concerned the question was, should the officials who received the information pass on information about taxpayers' interests to the public at large?

Mr. Diefenbaker: Or to the government of Ontario.

Mr. Sharp: On that occasion, as I have said, they did not, and of course they were acting in accordance with the law. In this regard I think they should have the support of the right hon. gentleman rather than his condemnation. I should like to add something which the Leader of the Opposition has conveniently overlooked, and I am surprised about that because he has asked a number of questions to which I have given the same answer. In respect of the responsibility of the Ontario government, Mr. Gruber gave the same information to the Ontario government that he gave to the officials of the federal government. Therefore I did not feel we had any responsibility to pass it on.

Mr. Diefenbaker: To the provincial government?

Mr. Sharp: Yes.

Mr. Diefenbaker: How did you know that Mr. Gruber did that?

Mr. Sharp: Mr. Gruber was in touch with my office just two or three days ago and he told me, in the course of the information which he dictated to my secretary, that he had passed this along. I asked the Superintendent of Insurance about this and he told me that Mr. Gruber had told him the same thing.

Mr. Diefenbaker: Then, Mr. Chairman, would the minister answer this question? If he only found out within the last few days that Mr. Gruber had passed this information on to the provincial government, why did he not pass it on to the provincial government between January and November?

Mr. Sharp: Mr. Gruber passed it along at the same time that he passed it on to the federal government. We did not feel we had any responsibility to pass on the information which Mr. Gruber himself had said he passed on to the Ontario government. I again hesitate to criticize the Ontario government's administration, but the right hon. gentleman has forced me to do so on five or six occasions already and I regret having to do it again.

An hon Member: Where do you live?

The Chairman: Order, please. The Chairman is in some doubt concerning the relationship of what is being discussed now to new section 17.

Mr. Lewis: On a point of order, and with great respect to you, Mr. Chairman, the Minister of Finance without talking about any part of the bill, had the permission of the Chair to make a statement in answer to certain allegations made by the right hon. Leader of the Opposition in the course of a speech when he was referring to a certain clause in the bill.

An hon. Member: That is right.

Mr. Lewis: With great respect to you, sir, the Minister of Finance ought not to get away with such a statement as he has made, which in my view contains a number of unacceptable propositions, without an opportunity—

Some hon. Members: Order.

Mr. Lewis: —being given to someone else to say something about those propositions. With your permission, Mr. Chairman, I should like to have that opportunity.

The Chairman: Order, please. I have recognized that some of the remarks made by the Minister of Finance were out of order. I believe a continuation of this argument, which has no relationship to new section 17, is also out of order. I would ask hon. members to confine their remarks to new section 17 of clause 3 and the amendment thereto.

Mr. Lewis: Mr. Chairman, I rise to speak on the amendment which is before the committee. I should like to say that it seems to me no case has been made out which would permit this intrusion into the secret information in the Department of National Revenue by the Minister of National Health and Welfare, or by officials and employees of his department

whom he may appoint. I say that on this day we ought not to agree to this in view of what the Minister of Finance said earlier and in view of what he also said a few moments ago. Whether or not his department has any responsibility going beyond the particular corporate entity known as the North American General Insurance Company, he has the responsibility in my submission, with all the emphasis I can give, to look after the interests of the people of Canada. Even though he may have known that the authorities in Toronto were given the same information he had, surely he had a responsibility to make sure (a) whether or not that information was given to them, (b) whether the same information was given to them and, (c) whether they were doing anything about the information which was given to them. He should not hide under the narrow umbrella he has now built for himself.

Some hon. Members: Order, order.

Mr. Lewis: Hon. gentlemen opposite who are crying "order" had a duty to shout "order" when the Minister of Finance spoke. This clearly is another example—

Some hon. Members: Hear, hear.

The Chairman: Order, please. I think the hon. member for York South realizes that I have some doubt whether the remarks he is making are in relation to new section 17 and the amendment thereto. I respectfully solicit the co-operation of the hon. member in getting along with the consideration of the actual amendment which is before the committee.

Mr. Lewis: Mr. Chairman, I am sure you had the doubt which you have expressed while the Minister of Finance was speaking but you expressed it after he spoke. With great respect, I would ask that you extend to me the same generosity. Let me say to those hon. members opposite, who did not interrupt at all when the Minister of Finance spoke entirely without relation to the bill, that they are showing their unprincipled partisanship.

• (5:10 p.m.)

The Minister of Finance has made it very clear that the only time he is prepared to hide behind the cloak of secrecy in the Department of National Revenue is when a corporation is concerned even though it is to the detriment of the Canadian people. I suggest that the committee should not pass this clause and that it should be deleted from the bill. We should not permit snooping into the affairs of old people in receipt of pensions. If you are going to treat corporations one way the least you can do is treat the aged people of this country in the same way, leaving them that privacy which the minister has insisted should be left so far as insurance companies are concerned.

The Chairman: Is the committee ready for the question?

Mr. Churchill: No, Mr. Chairman.

Mr. Peters: It is five o'clock, Mr. Chairman. There is some doubt about the private members' hour today, but in view of the fact we have not had an announcement regarding the air traffic control dispute the regular order of business should take precedence.

The Chairman: I do not know whether I have interpreted the order made by this house this morning correctly, but it was my understanding that the house was to sit from 11 a.m. to 6 p.m. and from 7 p.m. to 10 p.m., and that private members' hour was suspended.

Mr. Knowles: There does seem to be some misunderstanding, but in view of the fact that the Prime Minister is in the house and the press gallery is full—I imagine because an announcement is to be made—perhaps we should rise and report progress so the announcement can be made.

Mr. Churchill: Mr. Chairman, would you read the complete motion and the amendment, both of which were adopted this day?

The Chairman: The motion passed this morning reads as follows:

> That, notwithstanding the provisions of any standing order to the contrary, on Friday, December 16, 1966, the hours of sitting shall be from 11:00 a.m. to 6:00 p.m., and from 7:00 p.m. until 10:00 p.m., that the hour for the consideration of private members' business in the said sitting shall be suspended, and that, on Saturday, December 17, 1966, the house shall meet at 11:00 a.m. and sit without interruption until 6:00 p.m., and that the order of business and procedure for the said sitting shall be as for a Friday except that there shall be no private members' hour.

The amendment thereto, which was also agreed to, reads as follows:

> —and that the only order of business considered during the extended sitting shall be the measure to consider the continuation of air traffic control services.

It appears to the Chair that the amendment relates to the extended sittings, so that the order of business to be considered during the extended sitting should be taken up at seven o'clock.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, would you not take the view that because of the suspension of the private members' hour that hour becomes part of the extended sitting?

Some hon. Members: Oh, no.

Mr. Churchill: You must read the motion and the amendment as a whole.

The Chairman: While I do not propose to answer questions, perhaps I should say to the hon. member for Nanaimo-Cowichan-The Islands that what I have said is my interpretation of the order passed by the house this morning. I have given this matter a good deal of consideration during the last hour or so. It is my belief that the house suspended the private members' hour this morning and that the amendment regarding the extended hours refers to a particular type of business which can be considered during those extended hours. It is my belief that the extended hours of sitting will begin at seven o'clock.

Mr. Churchill: I take it we are now considering new section 17 of clause 3. When I spoke on this bill two or three days ago I drew attention to this new section and I pointed out that there were nine areas in which the Minister of National Health and Welfare could undertake extra investigation to determine the incomes of applicants for this supplementary pension. He said I was misinterpreting this provision. Nevertheless it was at that stage I said he was going to have snoopers looking into the incomes of old age pensioners.

Now that we are down to a detailed study of new section 17 we find that I was right in my suggestion, that this snooping process is going to take place in an area which heretofore has been considered sacrosanct. This morning the Minister of Finance indicated that income tax forms do fall into this category. It has always been our understanding that no one could look at an income tax form unless there was a special order to do so. A special arrangement is now being made in respect of the Department of National Health and Welfare.

I understood the minister to say that if the house passes this measure authority will be given to investigate income tax forms. For this reason we should resist such action to the greatest extent possible. This is an indirect way of destroying the confidentiality on which people have relied up to this time. The seriousness of this move is now apparent to hon. members. We should support the amendment and we should do everything in our power to prevent this change in the law. I believe that the suggested change in the law should have been resisted by the Minister of Finance and the Minister of National Revenue. These two people who are responsible for the finances of this country should be the first to object to snoopers in their departments looking at forms which contain confidential information. Alternatively, if snoopers are to be allowed to look at income tax forms filed by pensioners they should be allowed to look at forms filed by companies or corporations.

It is my belief there will be a storm of criticism in this country when the public become aware that the door is being opened to this extent. I doubt that anyone wants his income tax form examined by a casual observer. There are two inherent dangers in this situation. We are putting the stamp of approval on snoopers and we are invading the privacy of the individual. We will be destroying the confidentiality of income tax returns. Let the Minister of Finance tell us whether he thinks this is not a bad move. I believe it is because people will say that the act which amended the Old Age Security Act made it possible for snoopers to investigate income tax returns. They will believe that no serious objection was taken, although the fact is that our objections are always brushed aside. They will believe that this having been done it can be done in the future in respect of other acts. They will believe that we have given approval to this type of investigation.

• (5:20 p.m.)

In some other bill brought forward in the future we will find a similar provision. Other people will be given the privilege of investigating income tax returns and the whole matter will then be wide open. The time to stop is when the first break appears in the dyke. This is when the hole should be plugged. We would lack diligence in the performance of our duty if we permitted such a provision to go through at any time. This involves more than simply protesting. The whole proposal must be resisted to the very limit. I add my words of objection to this particular section and I will support the amendment proposed by the hon. member for Winnipeg North Centre.

The Deputy Chairman: Is the committee ready for the question?

Mr. Diefenbaker: Mr. Chairman—

Settlement of Air Traffic Control Dispute

Mr. Benson: Mr. Chairman, I wonder whether I might, with the consent of the committee, suggest that we rise, report progress and revert to motions so I might make a statement?

Mr. Knowles: That is what I suggested ten minutes ago.

The Deputy Chairman: Shall I rise, report progress and request leave to sit again later this day or at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

Mr. MacInnis (Cape Breton South): On a point of order, Mr. Speaker, I wonder why all this is necessary, since the Prime Minister just said that the house would be very disappointed that a settlement had been reached.

An hon. Member: Sit down, smarty.

AIR TRANSPORT

AIR TRAFFIC CONTROLLERS—ANNOUNCEMENT OF WITHDRAWAL OF STRIKE DEADLINE

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, during the past 24 hours we have been meeting almost continuously with representatives of the three organizations representing the air traffic controllers. We have reached a position where these representatives have agreed upon terms with the government that they are willing to recommend to their membership. They have also undertaken to withdraw the strike deadline for Tuesday next.

Some hon. Members: Hear, hear.

Mr. Pickersgill: Mr. Speaker, may I rise on a question of privilege and say that I inadvertently misinformed the house the other day when I said, on the basis of what I thought was accurate information that had been given to me, that the three organizations concerned had been consulted about the terms of reference. I had a telegram this morning from Mr. Barnes, the executive director of the professional institute, saying that his organization had not been consulted and that I had misinformed the house. I regret this very much and I felt it my duty to make this information public.

Mr. Speaker: Is it the wish of the house that we return to the business interrupted by the announcement of the Minister of National Revenue?

Some hon. Members: Agreed.

[Mr. Diefenbaker.]

OLD AGE SECURITY ACT AMENDMENT

PROVISION OF GUARANTEED INCOME SUPPLEMENTS AND DETERMINATION OF PENSIONERS' INCOMES

The house resumed consideration in committee of Bill No. C-251, to amend the Old Age Security Act—Mr. MacEachen—Mr. Rinfret in the chair.

The Deputy Chairman: Order. House again in committee of the whole on Bill No. C-251, to amend the Old Age Security Act. The committee is now considering new section 17 of clause 3 and an amendment thereto.

On clause 3—

Mr. Baldwin: Mr. Chairman, I want to make a few observations on this matter. I intend to support the amendment. I can do so with consistency because at the time a proposal of a similar nature to that which the government now advances was raised in connection with the Canada Pension Plan I opposed it.

When we examine the type of legislation being introduced by governments now, and this government in particular, with regard to matters of this kind—this was the case with the Canada Pension Plan—we find that all too often the principle governing the immemorial right of a person who may be charged with any offence, namely, to be convicted only as and when evidence is produced by the crown to establish his guilt, is being altered. There is in this proposal which the government advances, as in other cases, the suggestion that evidence can be obtained from other sources, government documents and government records, on the basis of which people can be convicted by statements which they themselves have made and which were made on the basis that they were privileged and not subject to inspection.

I think the amendment is one that should be supported. I believe there should be no doubt, having in mind the provisions of the section which provides for the establishment of offences and punishments, that the committee should support the amendment. In view of the remarks that have been made, this section should not be allowed to pass in its present form. Surely the onus lies upon the government to justify their attempt to establish this extraordinary power. They do not successfully discharge that onus merely by saying, "We did it once before". I do not care whether this government or any government did it before. It is an extraordinary remedy that they are asking the house to approve, and far more

effective and compelling reasons must be given before the committee should pass it. I for one intend to support the amendment.

Some hon. Members: Question.

Mr. Diefenbaker: Mr. Chairman, I should like to see hon. members in all parts of the house examine this section. This is an extraordinary power that is being sought. It is over and above anything that has been given before, and I am aware of the amendment that the house passed on another occasion. We are here being asked to give approval to mass snooping into the affairs of Canadians. This is a section that I would have thought the government would have been loath to bring into effect.

In reference to this legislation we have been saying throughout that what is being done is to bring into effect a new principle in connection with old age pension legislation whereby the means test is to be restored. The government endeavours to get around that by explaining that it is not really a means test. They give it another name. This section will make it the meanest test of all. It is an inexcusable intrusion into the rights of the individual. Why should there be one law for the old age pensioner and another law for everybody else? That is what it amounts to. Income tax records of Canadians in general are not looked into except within the limitations of our law. But when it comes to the old age pensioners, that group cannot be trusted. That is what this amounts to. They cannot be trusted. We are going to provide the necessary machinery so they can be hunted down and their representations in connection with their income can be investigated

• (5:30 p.m.)

The government has even gone so far as to provide a penalty in section 21 for those who commit an offence under section 17. I will read the proposed section 21 to indicate how far it goes. It provides:

> Every person who
> (a) knowingly makes a false or misleading statement in any application—

This is the law today.

> —or statement required or permitted by this act . . . or obtains any benefit payment by false pretences . . . or
> (d) contravenes section 17,
> is guilty of an offence punishable on summary conviction.

This is an extraordinary position for a government to take, a government which goes around the country boasting of what it has done in connection with social security. It makes every old age pensioner who asks for this supplementary payment a person to be suspected, to be snooped upon, to be examined. And if perchance an old age pensioner makes a mistake, he is subject to a penalty as prescribed by this section.

I am amazed to find the government taking this position. They do not need this power. Surely they can rely on the integrity of old age pensioners as much as on the integrity of other Canadians. But the government is going to set them apart and say that when they make statements it will check and cross-check those statements. The government is going to examine the income tax records of the old age pensioners, and if it finds any mistakes the pensioners are going to suffer.

Surely the government is not going to set the old age pensioners apart in a class by themselves to be discriminated against so far as any representations they make as to their income are concerned. If they falsify they deserve to be punished. But the onus of establishing this should be on the Crown. Instead the government puts forward an amendment which in effect casts aspersions on every old age pensioner who makes an application. This amendment puts the government in the position of being able to ferret out, to snoop upon and examine the income tax returns of those who make application for extra assistance.

To me, Mr. Chairman, this is a section that reveals in its nakedness that what this government is doing by this legislation is to bring in the means test, and I repeat that over and over again. I know that the government has denied it but this section reveals what it has in mind. I can just imagine every old age pensioner applying for this additional payment being hunted. All the forces of the law will be after him. The Department of National Revenue will be looking into his records, although he was given to understand when he filed them that they would not be subjected to snooping. When Canadians make income tax returns they make them on the distinct understanding that the information they give will be confidential. That was the basis upon which the law was founded. We are going to remove a basic principle so that the government will be able to do that which they undertook to Canadians would not be done, namely, to regard income tax returns as nonconfidential whenever the government decides it is beneficial so to do.

Old Age Security Act Amendment

I come back to what was said a little earlier about the statement of the Minister of Finance this morning. This government secured information from Mr. Gruber in the month of January and did not pass it on to the government of Ontario. They did not know that the government of Ontario had the information and they did not do anything about it until a few days ago when they found out that Mr. Gruber had also given the information to the Ontario government. In other words, they were very solicitous that nothing should be looked into, Mr. Gruber having asked for protection against possible action. What action he had in mind I know not.

I suggest we must have the same solicitude for all Canadians, and I resist, resent and will continue to oppose a measure that is going to place the old age pensioners in Canada in a class of their own.

Mr. MacEachen: That is not true.

Mr. Diefenbaker: The old age pensioner is going to be set apart from the rest of us whose returns cannot be examined. An open season is being declared by this government, through this particular section, against those who make application for the additional $30. The minister laughs at this, but that is what it amounts to. There is to be a closed season for those who are powerful and for the rest of Canadians, but an open season on old age pensioners. I object to that kind of legislation.

Mr. Pickersgill: Mr. Chairman, I cannot allow what my hon. friend the Minister of Finance called hypocrisy a little while ago of the gross character to which we have just listened to pass without comment. The right hon. gentleman said that we were making a special class of a certain group of old age pensioners by verifying or seeking means to verify the accuracy of statements they make about their income. Every income taxpayer in this country is subject to the verification of his income tax return by the crown. Surely if the crown is entitled to examine the accuracy of a person's statements when he is obliged to have money taken out of his pocket by the state, the crown is entitled and it is no more humiliating to verify the truth of statements of someone making application to have money put into his pockets by the state.

The right hon. gentleman in his usual, skilful manner confused the facts and the purposes of this legislation by suggesting that a communication from one privy councillor to another, for public purposes only and for the protection of the revenue, is comparable with the revelation of the private affairs of a taxpayer to some other private person or agent.

Mr. Nielsen: The section says officer or employee.

Mr. Pickersgill: I suggest that this is the grossest possible distortion. If we are going to trust Canadians and are going to say that we will run our affairs simply on the basis of trust, then we will accept everybody's income tax returns and make no verification of them at all. This rule would have to apply to the millionaires to whom the right hon. gentleman referred, the rich and the powerful. We would accept their word. We know that 99 per cent of the taxpayers and 99 per cent of the old age pensioners will submit true returns. We also know that a lot of people may make mistakes.

• (5:40 p.m.)

It does seem to me that to weep these crocodile tears, and everybody knows that is what they are, is going too far. Nobody can produce them by the gallon as well as the right hon. gentleman, except the hon. member for Winnipeg North Centre. I should like to see them in a competition. But the ordinary Canadian will not be fooled by this. The ordinary taxpayer paying taxes on $2,000 or $3,000, subject to having the truth of what he says verified by the Minister of National Revenue, will not think there is anything unfair about having verification of a statement of income.

Mr. Churchill: By whom?

Mr. Pickersgill: That verification applies to those who will have some of the tax handed over to them. That is exactly what this process is. We are doing this because people need the money, because we have a social conscience and accept our social responsibilities.

Mr. Nielsen: Where are the crocodile tears now?

Mr. Pickersgill: It is only fair to the taxpayers, the small ones as well as the large ones, who contribute to the funds used in this way that we should take reasonable steps to see that what is expended is expended on those for whom parliament intended to have it expended. That is all that is sought to be done in this bill.

The real measure of the hypocrisy of hon. gentlemen opposite is that at 3.30 this afternoon the hon. member for Ontario rose and,

speaking for his party, said that his party was satisfied with the rest of the bill. "The government is adamant", he said, "so we are ready to have it passed in half an hour". This present objection was not known by these bright people on the other side, including that distinguished lawyer, the Leader of the Opposition. He did not know anything about this until it was pointed out to him by the N.D.P. That is the measure both of their study of the bill and of their sincerity. It seems to me it is about time we recognized that there is a great difference between a simple verification—

An hon. Member: Filibuster.

Mr. Pickersgill: —done entirely within the structure of the treasury—

An hon. Member: Of the means test.

Mr. Pickersgill: —and the revelation of private income tax affairs for other purposes.

Mr. Diefenbaker: Mr. Chairman, I have been here long enough to expect almost anything from the hon. gentleman and I am never surprised. To hear the power of snooping described this afternoon as revealing the social consciousness of the government is going beyond anything I have ever heard.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Chairman, the Minister of Transport has reminded me of more things to say than I had intended to say. In the first place I think he had better read the section he was so knowledgeably discussing because he has obviously never read it. Had he read it he would not have talked the nonsense about one privy councillor whispering in the ear of another privy councillor information about some taxpayer's income. New section 17 (3) in the bill reads as follows:

> Notwithstanding any other Act or law,
> (a) the Minister of National Revenue or any person designated by him for the purpose—

Heavens, Mr. Chairman, he may designate the Minister of Transport.

Mr. Pickersgill: I happen to be a privy councillor.

Mr. Cameron (Nanaimo-Cowichan-The Islands): I continue:

> —may, upon the request of the Minister, furnish to the Minister or to any officer or employee in the Department of National Health and Welfare designated by the Minister for the purpose, any information obtained pursuant to any other act relating to the income or income from a particular source or sources of an applicant or beneficiary or the spouse of such applicant or beneficiary or otherwise relating to any such applicant, beneficiary or spouse, for any purpose relating to the administration of this act.

Mr. Pickersgill: Exactly.

Mr. Cameron (Nanaimo-Cowichan-The Islands): The minister says, "exactly."

Mr. Pickersgill: May I ask the hon. gentleman a question?

Mr. Cameron (Nanaimo-Cowichan-The Islands): What does the minister want? The question will not be sensible. Let us have it.

Mr. Pickersgill: I am afraid I could not hear the hon. gentleman's remark.

Mr. Cameron (Nanaimo-Cowichan-The Islands): I did not intend commenting on the minister's hearing. I was referring to something else. Let us have the question.

Mr. Pickersgill: Unfortunately I am deaf. What I intended asking the hon. gentleman was this. Does he not realize that officers of the department are all bound by the Official Secrets Act and that this information can be secured only for the purposes of the administration of this act?

Mr. Cameron (Nanaimo-Cowichan-The Islands): Next I want to turn to the Minister of National Health and Welfare and quote some words he spoke on December 5 of this year. He was describing to us that strange, esoteric difference between a needs test and a means test. It is one of those difficult philosophic questions I have found it hard to come to a conclusion upon. The minister made an attempt to describe the means test which, heaven forbid, this government would not think of imposing. But whatever they call it, it is a means test, just that. It involves the examination of the nooks and crannies of a person's financial status, the money he has in the bank, whether he owns a car or a home, the ability of relatives to contribute to his support, his earnings and so on. The government rejects entirely that it is a means test; it is merely applying a needs test. The minister described precisely what this government will not do when he said, as recorded on page 10708 of *Hansard* for December 5:

> No information will be asked for that is not already required for income tax purposes; there will be no snooping, no prying into financial affairs, no demeaning questions. This program is an innovation—

For heavens sake, let us have some honesty from this government. If they consider it necessary to snoop and pry into the affairs of

old age pensioners, let them have the courage to say so instead of pretending as this minister did. The kindest thing I can say about his speech of December 5 is that it was extremely disingenuous. The speech conveyed the impression of the people of Canada that the old people were to be treated as responsible and honest citizens and not as objects of snooping and prying. In the bill we have a clear indication that the government does intend to do all the things the minister described, and the things described are part and parcel of the full means test which he rejected out of hand.

The minister says he is not going to examine the nooks and crannies of a person's financial status, the money he has in the bank, whether he owns a car or home, the ability of relatives to contribute to his support, his earnings and so on. The minister may smile, but the bill reads precisely in these terms. It will bring about the snooping and so on I have described. The investigators can seek any information they want under this section that is received under any other act. In other words, there is no limit to the snooping. I suggest that the minister explain his position again perhaps a little more clearly, a little less disingenuously than he did on December 5.

Mr. MacEachen: I want to thank the hon. member for Nanaimo-Cowichan-The Islands. He has been kinder to me than most hon. members. Having been described as Scrooge, mean and miserable I am now described as disingenious. I have improved my standing in the committee. The procedure we propose to follow under the bill has been made clear to the committee. It has been suggested that this is a move without precedent, that we are embarking on a practice which is somehow un-Canadian. The hon. member for Peace River, making a point earlier, said he did not like a similar provision in the Canada Pension Plan. The fact is that the law already makes it possible for the Department of National Revenue to exchange information—any information—not with respect to the relatively small number now affected but with respect to five million people.

• (5:50 p.m.)

The intentions of the government on this point have been made clear from the beginning. We have never concealed from anybody the idea that we would seek information about an individual's income and that we would verify this information with the Department of National Revenue. That has been made clear time and time again, so it ought not to come as any surprise. I do not believe hon. members can find anything particularly repugnant about this. The hon. member for Wellington South has argued that in order to apply a guaranteed income program it is necessary to know what a person's present income is. We ask pensioners to tell us their income on a simple form which we send to them. They tell us. All that happens here is that the Minister of National Health and Welfare or an officer of the department may ask the Department of National Revenue to verify the information. It may at times be of benefit to pensioners to have this information verified.

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

Some hon. Members: Oh, oh.

Mr. MacEachen: It has been suggested by hon. members that in one sense this program is too lenient, that there are not sufficient checks. The hon. member for Halifax asked why the department did not go around talking to the neighbours of pensioners to find out what their incomes were.

Some hon. Members: Oh, oh.

Mr. MacEachen: The hon. member for Winnipeg South Centre said we had nine different ways of checking income.

Mr. Churchill: And I am objecting to every one.

Mr. MacEachen: But the hon. member is miscontruing this proposal. The only department to which we can go, at our option, to check this information is the Department of National Revenue. We are coming frankly to parliament and seeking approval to do so in order to administer this program. If we are to make any progress in this country in establishing a guaranteed income program in the future, this seems to be a realistic and sensible authority to seek.

I assure hon. members that it is not the intention to conduct any kind of un-Canadian investigation. This is merely intended as a means of checking the information provided. I am sure that if I came to parliament and put this program before parliament without seeking authority of this kind I would be subjected to great criticism for having failed to make such a provision in the bill.

I have tried to understand the arguments put forward. I think maybe that the developments of the afternoon have led to a certain high temperature in our proceedings. I hope, nevertheless, that hon. members will realize that this is not an effort to denigrate the standing of old age pensioners but a move to

maintain what I consider to be a simple, private method of checking information as necessity arises.

Mr. Korchinski: Having been treated to a tear-jerker by the Minister of Transport, several questions occur to me and I should like to ask the Minister of National Health and Welfare to answer them. The minister told us that because 99 per cent of income tax returns are accurate the same degree of accuracy might be expected in returns from old age pensioners. Why, then, does the hon. gentleman need a staff of 400 persons and 675 employees on a part-time basis to deal with these applications?

Income tax returns are normally sent in during one short season of the year. If only 1 per cent of these returns are likely to be incorrect is it worth engaging 675 employees on a part-time basis to snoop into them and take account of what might be an excess of $5 or $10 beyond what is normally regarded as allowable income? Does the minister really think it is worth the time and the effort to employ 675 people in his department to snoop on a few old age pensioners to make sure they do not get a few extra dollars?

Mr. MacEachen: The staff is intended not to snoop on pensioners but to process the hundreds of thousands of applications which will have to be processed. The intention is to recruit a casual staff for a few months in order to get this program into operation.

Mr. Korchinski: The minister says the need for extra staff only arises at certain times of the year. How does he explain that?

Mr. MacEachen: The extra staff will be needed when the applications are being received.

Mr. Knowles: One of the claims the minister keeps making is that the test of income embodied in this legislation is not the kind of means test which has been incorporated in the past in other legislation. I draw his attention to the fact that in the original Old Age Pensions Act, which did contain a means test —there is no doubt about that—no provision was made for getting information from the income tax branch. I also draw the hon. gentleman's attention to the fact that at the present time there is a means test embodied in the War Veterans Allowance Act. Yet I know of no provision in that act which enables the government to get information from the Department of National Revenue with respect to veterans who apply for allowances.

I submit that the government is writing into this legislation a method of checking which has not been used in relation to other means tests. This places the minister in a difficult position when he maintains he is offering a pension which people get after filling out a simple form, being trusted all the time. I believe the minister should think about this over the week end, since it is now six o'clock.

Some hon. Members: Filibuster.

Progress reported.

• (6:00 p.m.)

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, in case by chance there should happen to be an hon. member present who was not here a few minutes ago when the announcement relating to the air traffic control services settlement was made, I want to mention that it has been announced that there is no need for legislation on that subject. Consequently, it will not be necessary to meet tonight and tomorrow.

The business we propose submitting on Monday is, of course, the budget at eight o'clock in the evening, but subject to that we propose to continue the discussion of item 111, the bill to amend the Old Age Security Act, and on the completion of that, item No. 92, the transportation policy bill.

Mr. Churchill: Might I ask the house leader if he can tell us what other business there might be next week, when the house will rise for the Christmas recess, if it does rise, and when we will be coming back in January.

Mr. McIlraith: Mr. Speaker, I had hoped to be able to do that at the start of proceedings this morning. I had outlined a plan on certain assumptions, but I am sorry to say they have gone rather far astray today so I am not in a position to announce the plans for a Christmas recess, much as I would like to be able to do so.

An hon. Member: Blackmail.

Mr. McIlraith: No, it is just a lack of communication in the house, not on this side and not on a large part of the other side.

Mr. Knowles: Mr. Speaker, in view of the fact that we have already had a budget this session, may I ask the minister under what standing order will the Minister of Finance be making his statement on Monday night at eight o'clock?

Mr. McIlraith: My understanding is that it is done on a motion that the Speaker leave the chair for the house to resolve itself into committee of ways and means. I think that is the form of a motion on the budget. I have not checked the procedure, but I am quite sure that is the procedure.

Mr. Knowles: Has the minister checked that standing order recently? Does he not realize that it says that that order is passed without debate, except for the budget presentation? Since we have already had the budget for this year, hadn't the minister better look at this.

Mr. McIlraith: That is right, but I could not find any provision saying there can be only one budget in a year. Indeed, there have been many occasions in the past when the rule has been used, and I think the interpretation clearly permits the procedure that has been proposed for Monday.

Mr. Knowles: Maybe we will not get these taxes at all.

Mr. McIlraith: It looks more as if we will not get the old age pension supplement.

Mr. Deputy Speaker: Order. Following the statement made by the Minister of Public Works that there is no legislation dealing with air traffic control services, am I correct in assuming now that the house agrees to consider the order of the house passed this morning as being discharged?

Some hon. Members: Agreed.

Order discharged.

It being six minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, December 19, 1966

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

NATO—REPORT BY MINISTER UPON RETURN FROM PARIS MEETING

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should like with the consent of the house, and in accordance with regular practice, to report briefly on the NATO ministerial meeting in Paris from which the Minister of National Defence and I have just returned.

The major problems which arose at the last meeting in Brussels concerned the process of adjusting to the consequences of France's decision to withdraw from NATO's integrated military structure. By contrast, at this meeting, France's relationship with the alliance was not a subject of discussion, since the necessary adjustments had already been largely completed. Our discussions reflected the fact that a new relationship between France and the 14 other nations in the alliance is being achieved.

The new foreign minister of Germany, Mr. Brandt, made an important statement. The coalition government having just taken office in Germany, particular interest was attached to this first statement of policy. Mr. Brandt gave welcome assurance of the German government's dedication to the alliance and of its desire to make progress in its relations with the countries of eastern Europe.

Mr. Brandt also spoke of his government's intention to promote contacts between the peoples of west Germany and east Germany, without compromising the Federal Republic's position on the non-recognition of the German Democratic Republic or on the important goal of German reunification. He stressed the German government's intention to maintain democratic institutions. He reiterated that the Federal Republic seeks neither national control of atomic weapons nor national ownership of such weapons.

In December, 1964, Canada proposed a study of the future of the alliance. This suggestion was adopted by the council but was not acted upon, for fear that it would lead to a break with France At this meeting, however, with France already having taken its action in respect of NATO, it was decided at the suggestion of the Belgian foreign minister that the time was now ripe for a wide-ranging study of the objectives and future tasks of the alliance. This study, which is to be presented to the meeting in December, 1967, could enlarge the area for political activity by the alliance.

The main attention at this meeting was directed to east-west relations. A full study prepared after the Brussels meeting confirmed that it was desirable to improve our relations with the countries of eastern Europe, bearing in mind that the over-all objective is a peaceful settlement in Europe. The meeting recognized that for the present bilateral relations represented the most likely area for immediate progress.

As one suggestion for improving east-west relations, a number of countries, including Canada, alluded to the possibility—and I do not suggest that this is for the immediate future—of reciprocal reductions in opposing NATO and Warsaw pact forces.

• (2:40 p.m.)

In the political sphere, the Russians have recently shown interest in encouraging improved relations between east and west. This is an attitude which NATO's military strength has encouraged over the years since NATO was formed. However, Soviet forces in eastern Europe are being continually strengthened. Accordingly, while we want to encourage improved east-west relations, we cannot afford to reduce our over-all level of forces unless the Soviet side is prepared to do likewise.

I suggested that it might be useful to keep under review possibilities for gradual reductions in western and Soviet forces in central Europe. Then if opportunities arise we should know what was reasonable to propose on our side, and what reciprocal action we might expect on the other side.

For Canada's part, we continue to support the alliance as the best guarantee of the security of its members. We consider that Canada's interests and responsibilities require at present an appropriate continuing contribution to the military strength of NATO.

NATO, of course, has great military strength. This strength is contributed by the

members of the alliance collectively and its management is equally a collective responsibility. Important progress was made at the meeting with the establishment of new improved machinery for nuclear defence management. Membership in the new organization does not increase or affect the nuclear commitments of its members. Its purpose is to permit fuller and wider participation in the formulation of NATO's nuclear defence policy and to give the non-nuclear countries a readier appreciation of what is involved in planning for defence against possible nuclear attack.

Another important aspect of this decision is its direct connection with the practical pursuit of disarmament. We are determined that this new method of co-operative defence will make it unnecessary for the western countries to set up any new joint nuclear force such as the proposed multilateral force. Indeed, I believe that what we are doing in NATO is already helping in bringing within reach a non-proliferation agreement, that is, an agreement to prevent the spread of nuclear weapons.

With this statement, Mr. Speaker, I would like to table copies in English and French of the final communiqué.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I must say that the minister is to be congratulated on the report that he has given. It is terse and reasonably complete. It indicates that the meeting of the NATO powers did bring about a new stance, if one can use that expression.

Mr. Willy Brandt brought to NATO new concepts which cannot but be beneficial. In particular I refer to the agreement set out in the communiqué whereby these nations, all of them that are members of NATO, agreed that there should be a call for development of human, economic and cultural contacts between the two parts of Germany. This is a long step forward from the occurrences of the last 15 years.

In so far as reduction of forces is concerned, Britain today has some 55,000 members of its armed services stationed on the continent; the United States has 225,000 and Canada has the force that it has had there in recent years. At this time, when there seems to be a diminution in the tensions between east and west, there are widespread demands that there should be a pronounced reduction in those forces. The demands spring from the point of view of the assurance of peace, and also to benefit the economic situation in the various countries, because the contribution to the NATO forces has added greatly to the costs of those countries.

I am beginning to feel that with a diminution of tension, and because there is a preponderance of nuclear power in the United States the ground forces do not have the importance they had from the beginning of NATO.

Canada should give consideration to reducing the numbers of her forces on the continent of Europe. There was reference to the contribution by Canada to non-proliferation of nuclear weapons. I am not going to bring back other days, sir, but in 1963 when we took that stand, realizing that the day of the bomber was over, we were strongly criticized by the Liberal party. In the intervening period they have become converted to the idea that there should not be proliferation. This is indeed worthy of comment and appreciation.

I should have liked to hear the minister place before this house the reaction of the nuclear powers to the Canadian government's adoption of unification of the forces. That would have been an interesting story. The Minister of National Defence (Mr. Hellyer) shakes his head in an affirmative way. We have seen him do that before when the facts were opposite. I should like to hear him in this regard, because I am sure he rose to heights of eloquence in placing before the NATO powers the fact that Canada is going to become a pioneer in the field of removing all the insignia and traditions of the past.

I wish the Minister of National Defence would translate that nod to a vocal assertion. I am sure the house would find it interesting because the information the press gave is that the nations of NATO laughed at the idea. We shall see if we are able to get an answer from the Minister of National Defence, something we have not succeeded in doing up to the present time.

However, if the Secretary of State for External Affairs always reports to parliament with the lucidity and clarity he exhibited today, he will always receive a welcome.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, the right hon. Leader of the Opposition (Mr. Diefenbaker) has said so many kind and flattering words to the minister that I will not endeavour to repeat them.

We shall read very carefully and with a great deal of interest the statement of the minister and the communiqué. May I say, however, that I believe we and many other

Canadians may have very serious doubt and regret about the fact that Canada has felt it necessary to take part in a committee to examine or to concern itself with the exercise of the nuclear component of the alliance. We believe it would be better for Canada to take the position that we are not a nuclear power and do not wish to have any responsibility in any shape or form for this nuclear strategy. Also, along with many other people in the world, we view with apprehension any suggestion that West Germany in any shape or form should have any control, or participation in the control of nuclear weapons.

• (2:50 p.m.)

We believe this has been one of the obstacles to a non-proliferation treaty. We would much prefer Canada's taking the position that she has no wish to participate in the nuclear strategy. We should say to our ally, West Germany, that we think it would be better for the peace of the world if it, too, took no part whatsoever, not only in the actual physical control of nuclear weapons, but in any nuclear strategy, and as a member of the NATO alliance renounced any wish to take any such part in any way, shape or form.

I regret that in this statement once again there was absolutely nothing definite about any proposal made by Canada to phase out or get out of the present tactical nuclear role in which she is engaged in Europe. We believe that the diminution of tension to which the minister referred provided a first rate opportunity for Canada to say that her contribution to the alliance should be purely in the form of a mobile force without nuclear armaments of any kind whatsoever. We regret that we are apparently failing to do this, and that the minister has said absolutely nothing about acquainting our allies with an intention, not to reduce our forces as the Leader of the Opposition suggests but to opt out altogether from this nuclear role. These omissions we think are serious and important, and we hope we will have a chance to hear something from the minister in respect of these matters.

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, my comments will be brief on welcoming back the Secretary of State for External Affairs and the Minister of National Defence (Messrs. Martin and Hellyer) who have just returned from the last NATO meeting held in France.

According to the statement made by the minister, it would seem that recent political events in Germany had caused some concern to the other members of NATO. However, the fact that reunification was studied should lead us to believe that Europe is committing itself to finding a way which will bring peace to that area.

One point worries me however, and I wonder if I understood clearly the statement made by the minister, which statement I am anxious to read at my leisure. I note that once again we discussed disarmament while unfortunately, taking care to ensure that we are armed to the teeth. We are told that the United States will soon conduct another nuclear explosion; in fact, some are being announced here and there throughout the world. New countries are adopting nuclear arms, taking great care to say that these are intended for defence. But the fact remains that nuclear arms are dangerous to handle. I feel that no effort should be spared toward disarmament and that, once and for all, that aspect of peace should be looked into. So long as we plan for war, we cannot achieve peace.

We will study the statement made by the minister on the NATO meeting in order to benefit therefrom as much as possible.

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, we welcome the report of the Secretary of State for External Affairs following his visit to the NATO ministerial conference. I would have appreciated some reference by the minister to reports which appear in today's press regarding the withdrawal of some of the R.C.A.F. squadrons, both reconnaissance and attack, serving at the present time under NATO. Likewise it would have been appreciated had the minister told us something about the relocation of No. 1 wing at Marville, and the headquarters at Metz. While this was not a direct concern it must have formed part of the discussions which were held, because it is related to our own NATO contribution.

It is reassuring to hear the minister suggest that the policy of the government is to continue its support in the NATO alliance. I think it is realized that while the United Nations has its place in the whole area of peaceful negotiation in the world, the real peace keeping organization is NATO, and the fact that Canada will continue her role in that organization is most important. I had hoped the minister might have mentioned the decision that will have to be made regarding the approximately 70,000 troops that France has in Germany at the present time, and whether

these forces will continue under some bilateral agreement.

It was reassuring also to hear the minister say that the new German foreign minister and the defence minister reiterate the stand taken by their predecessors, that Germany really has no intention of wanting any part in or control of the NATO nuclear deterrent. This does not detract from the fact that it is now general knowledge that the communist build-up of their forces on the eastern side of the dividing line in Europe is continuing to increase.

Unless there can be some agreement that gives the assurance that this will not continue, and that there will be a co-operative decrease in the forces of the Warsaw pact countries, we cannot really talk about cutting down our own contribution. Co-operative defence is one of the reassuring areas of co-operation among nations, such as we have among the nations of the NATO alliance.

LABOUR RELATIONS

REPORT OF MEDIATOR IN RAILWAY DISPUTE—EXPRESSION OF APPRECIATION TO DR. CARL GOLDENBERG, Q.C.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, pursuant to section 9 of the Maintenance of Railway Operation Act, Dr. Carl Goldenberg, the mediator, submitted a further report to me on the evening of Saturday last, just a few hours before his extended term expired. With the consent of the house I wish to table a copy of his report in English and a copy in French.

I might say that the terms of the settlement are not set out in the report. This could not be done until the railway workers concerned had been advised of its contents. I am reliably informed that the bargaining representatives of the 100,000 railway employees directly affected by the settlement reached, and the two railways concerned, have already expressed their appreciation of the job done by the mediator, Dr. Goldenberg.

Some hon. Members: Hear, hear.

Mr. Nicholson: The negotiations were complex, they were difficult, they were time consuming, involving long hours on many occasions during the mediation proceedings. I should like at this time to express publicly the thanks and the sincere appreciation of the government to Dr. Goldenberg for a job well done. I am sure that I also speak for parliament and the people of Canada in expressing appreciation for this very good work under difficult and trying circumstances.

Some hon. Members: Hear, hear.

Mr. Nicholson: Incidentally, Mr. Speaker, I am pleased to note that Dr. Goldenberg is in the visitors' gallery this afternoon and that he has had an opportunity to hear this expression of appreciation from the members in all parts of this house.

Mr. Speaker: Has the minister leave to table the report to which he has referred?

Some hon. Members: Agreed.

[*Later:*]

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I should like to ask that the report of Dr. Goldenberg be printed as an appendix to today's *Hansard* if the house is agreeable.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I suggest that this should not be printed as an appendix to *Hansard*, but that it should be included in *Votes and Proceedings*.

Mr. Nicholson: Mr. Speaker, such a course will be quite satisfactory.

Mr. Speaker: It is understood that the report will be printed as an appendix to the *Votes and Proceedings*.

• (3:00 p.m.)

LABOUR RELATIONS

PACIFIC COAST LONGSHOREMEN DISPUTE—TABLING OF DOCUMENT APPOINTING COMMISSIONER

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, pursuant to an assurance I gave the house last week, I should like to file a copy of the appointment of Hon. Mr. Justice C. Rhodes Smith as the industrial commissioner to inquire into the recent work stoppage on the west coast.

Mr. Speaker: Is it agreed that the minister file a copy of the appointment?

Some hon. Members: Agreed.

BANKRUPTCY

PRUDENTIAL FINANCE CORPORATION—OBSERVATIONS OF MINISTER FOLLOWING STATEMENT OF WILLIAM GRUBER

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, in view of the questions which were directed to me last week, and of certain

statements made by Mr. William Gruber over the week end, I thought I might make a brief statement.

First, may I say that Mr. William Gruber was once employed by Mr. Morris Stein, the former auditor of the Prudential Finance Corporation, and was dismissed by Mr. Stein. Mr. Gruber first contacted the Toronto office of the Superintendent of Insurance in January of 1966. Because the department of insurance had no legal authority to assure him that he would be protected from legal action, he refused to disclose even the name of the company about which he said he had information. From the remarks which Mr. Gruber made, however, officials of the department of insurance concluded that he was probably referring to Prudential Finance.

As I said, he did not say that; this was just an inference which the officials drew. The department of insurance was already exercising close surveillance over its federally incorporated subsidiary, The North American General Insurance Company, as a result of its recent purchase by the Prudential group. The result of this surveillance was in part the discovery in November of the theft of securities from the North American General Insurance Company.

Subsequent to his discussions with the department of insurance in January, Mr. Gruber met with an official of the Department of National Revenue and, under the protection of the Income Tax Act, made certain statements about Prudential Finance. He was informed that the Income Tax Act prevented that department from forwarding that information to any other department or authority.

Mr. Fulton: Can the minister inform us of the date?

Mr. Sharp: I do not know the exact date but it was some time in January. As I said, Mr. Gruber was informed by the officials at that time that the Income Tax Act prevented that department from forwarding information to any other department or authority.

When the department of insurance inquired further from the Department of National Revenue, that department properly refused to divulge any information, but did say that there was nothing in what Mr. Gruber said that was of concern to the department of insurance, nor did his statements contain any evidence of tax evasion. The officials of the Department of National Revenue also indicated that they had had previous contacts with Mr. Gruber on a number of occasions, which had led them to feel that he was generally an unreliable informant.

The department of insurance has had no correspondence whatsoever with Mr. Gruber on the subject of Prudential Finance or the North American General Insurance Company. The only correspondence it has had with him at all referred to a toy company, which is not related. This letter was forwarded to the Superintendent of Bankruptcy by the department of insurance. The acknowledgement received in reply by Mr. Gruber is apparently being displayed by him as proof that he told these agencies about the affairs of Prudential. It is not related.

Neither I nor any other minister has ever met Mr. Gruber personally. In fact his first direct approach to any minister was on December 13, 1966, just a week ago, when Mr. Gruber left a telephone message at my office indicating that he intended to make public what he called "the facts" about Prudential at a creditors meeting on December 15.

He indicated that the Ontario Securities Commission knew of this matter, and he also gave the name of Inspector Thurston of the Ontario Police Commission as a further reference. He said as well that he had corresponded with the hon. member for Yukon, Mr. Erik Nielsen.

When Mr. Gruber spoke with officials of the department of insurance in January he refused to provide them with anything that they could possibly refer either to another federal department or to the authorities of the province of Ontario. In any case he made it clear that he himself was contacting other federal government departments and the Ontario authorities with the intention of revealing the information he had refused to the Superintendent of Insurance. I understand that Mr. Gruber now denies this, but this was the clear understanding of federal officials.

Officials of the federal department of insurance have a close and continuing contact with officials of the Ontario department of insurance. In fact over the past year federal and provincial insurance officials have had numerous conversations involving North American General Insurance, Wenworth Insurance, which are subsidiaries of Prudential Finance, in the course of their regular business.

Federal officials have been aware for some time of the Ontario government's interest in Prudential Finance. Had Mr. Gruber provided any worth-while additional information, it would have been transmitted to them in the normal way. He did not do so.

Bankruptcy

The office of the federal Superintendent of Bankruptcy was not contacted at all by Mr. Gruber about Prudential Finance or its related companies until after Prudential had made a proposal to its creditors in November of 1966. The Superintendent of Bankruptcy had no previous knowledge of the affairs of Prudential Finance, and in any case his responsibility commences when a firm is declared bankrupt or makes a proposal to its creditors, and not before.

However, I am informed by the office of the Superintendent of Bankruptcy which received last week this information from Mr. Morris Stein, the former auditor of the Prudential Finance Corporation of Toronto, that Mr. Ted Brown, chief auditor for the Ontario Securities Commission, has met with Mr. Stein, to discuss the affairs of Prudential on several occasions since 1963. In March of this year there was an inquiry into the affairs of Prudential Finance at which Mr. Harry Bray, director, Ontario Securities Commission, Mr. Ted Brown, Ontario Securities Commission, Mr. G. Gillman, Ontario Securities Commission, Mr. Brien, president, Prudential Finance, Mr. William Deslauriers, of Tory, Tory, Deslauriers and Binnington, Mr. Morris Stein and a stenographer were present.

In June of this year Mr. Gillman of the Ontario securities commission reviewed the affairs of Prudential with Mr. Stein once again.

Prudential Finance is a provincially chartered company and the Ontario authorities have been aware of its problems for some time. The federal government is concerned when any group of Canadians suffers in this way. We have a particular interest in this latest case, beyond the general protection of Canadian investors, because a federal company, North American General Insurance, was undermined by the collapse of a provincial company—Prudential Finance. The collapse of Prudential Finance and others that have gone before could only have been prevented by the improvement of provincial laws and administration.

Our jurisdiction is limited; nevertheless we are not satisfied with the general level of protection afforded the investor in Canada. The provincial authorities must find ways to make that protection more adequate, and the federal government is prepared to assist them. We are already reviewing our own laws and administration as they relate to federally incorporated finance companies. We urge the provinces to do the same within their areas of jurisdiction.

[Mr. Sharp.]

• (3:10 p.m.)

In conclusion, may I make clear, in view of what Mr. Gruber said over the week end, that I have never been contacted personally by Mr. Gruber at any time and he did not call my office until after the collapse of Prudential on December 13. At no time did he reveal to the department of insurance anything of value, not even the name of the company.

The Ontario authorities were fully aware of the Prudential Finance, which is a provincially incorporated company subject to provincial laws and administration.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, we have just listened to the minister producing a mystery within a mystery. He obviously had a prepared statement designed in general to exculpate the government of Canada and, in particular, himself. With the greatest respect to the minister, and accepting his statement that the man in question never communicated with him, that in no way answers the situation that has been created.

It is the most amazing story that the minister tells. Gruber did meet with government officials in Toronto and no one knew what he was talking about. The officials had a suspicion he was talking about the Prudential Finance Corporation, and when they were informed of that they made certain investigations, apparently, although they did not say anything to the government of the province of Ontario.

The minister says now that the government of Canada is disturbed over the losses. Why was there no communication? The excuse he gives is that the Department of National Revenue could not furnish any information because of the provision of the statute. If ever there was an example of transparent excuse and subterfuge, that is one. While this department plays around and the minister engages in this artful dodging, 20,000 Canadians will have their insurance policies cancelled, according to the liquidator. The minister produces an alibi for the fact nothing was done to notify the government of Ontario.

Mr. Sharp: We had nothing to notify.

Mr. Diefenbaker: Nothing was done. Why? Can you imagine, Mr. Speaker, whatever the information was, it must have been of some consequence.

Mr. Sharp: No, it was not.

Mr. Diefenbaker: It was not?

Mr. Sharp: Not even the name of the company.

Mr. Diefenbaker: Nobody communicated with the minister. Whatever was said in Toronto on January 24 to officials in the civil service was not transmitted to the minister.

Mr. Sharp: It was not important enough.

Some hon. Member: Oh, oh.

Mr. Horner (Acadia): Twenty thousand people.

Mr. Diefenbaker: "It was not important enough"; that is interesting. At what degree does a matter become important enough?

An hon. Member: To this government.

Mr. Diefenbaker: Yes, to this government—to have it brought to the attention of the minister? It was brought to the attention of the Department of National Revenue and that department showed a complete lack of concern. They relied on the letter of the law rather than recognizing that the information they had should give cause for investigation.

I feel sorry for the minister. There he was in solitary isolation, nobody telling him what was going on. At the same time there apparently was information of such a nature that the informant was afraid unless he was given protection, he would be in danger. What he was afraid of I do not know, but that is what he said. Surely a person with information he was afraid to reveal in detail should have produced a very complete and thorough investigation. It is a mysterious story. It is patent, Mr. Speaker, that the minister today is trying to get away from the responsibility of the federal government.

Mr. Sharp: Trying to tell the facts.

Mr. Diefenbaker: They have no responsibility for insurance companies. That is the attitude.

Mr. Sharp: Trying to tell the facts.

Mr. Diefenbaker: They have no responsibility. That has been their attitude on bankruptcies for too long. That has been their attitude. They say: We have no responsibility. Surely this government cannot stand idly by in a matter coming under a federal charter. Surely a simple inquiry by the Superintendent of Insurance is not enough in a case involving dislocation and financial manipulations on a massive scale. Yet the minister's whole attitude is that there is really nothing for the Government of Canada to be concerned about.

Are we to tolerate piratical actions by those who operate insurance companies? What happened to the $500,000 in securities? They were there in September and gone in November. The minister says nothing can be done. Surely some law should be in effect regarding foreign corporations in Canada.

Mr. Sharp: Why did not the right hon. gentleman bring one in?

Mr. Diefenbaker: Surely the federal government, which more than any other government is responsible for the direction of economic development is responsible to Canadians who invest in companies, as these did. Something must be done other than wafting idle verbiage before the House of Commons, and believing the matter has been settled.

Surely, when the national economy and the savings of so many are involved, there is need for more than a passing gesture representing almost contemptuous disregard of people's rights. The overwhelming number of businessmen and industrialists in Canada are honest and progressive; they operate on a fair and reasonable basis.

An hon. Member: Within the law.

Mr. Diefenbaker: Nevertheless, it is obvious that an increasing number of interests are placing themselves in positions of control. They apparently make the rules as they go along. They have little regard for ethics, law or the interest of shareholders. What about this government's attitude? I would have thought the minister would have risen today and said: We are getting to the bottom of this.

They do not want an investigation into this, Mr. Speaker. We asked for the appointment of a royal commission, to operate immediately, and this was turned down. Now I suggest that we get the facts—not the ex parte prepared, exculpatory statement which has been produced, but the true facts. Let us place this whole matter before a committee of parliament and get the facts. Surely the minister will immediately agree to that.

Mr. Sharp: There is no objection.

Mr. Diefenbaker: He agrees. He is willing to agree to that. We have made some advance from the other day. I look forward now to the government's immediately making available to a committee of the house the power to

investigate, to look into the entire ramifications of this matter. I thank the minister for his acceptance of the idea.

Sir, because of the revelation Canada's reputation for honesty and integrity in business is being challenged in various parts of the world. We cannot allow that reputation for integrity to be questioned. We cannot permit Canada to be a happy hunting ground for unscrupulous operators who believe that the law of the jungle should be their guiding theme.

• (3:20 p.m.)

I will have more to say about this on a later occasion. What the minister has done today is to open a box so that we just get a glimpse of what it contains. The degree of supervision exercised over the activities of companies under federal responsibility is not what it should be. There have been several instances of sufficient magnitude in the past two years to cause uneasiness and disquiet. There have been failures on a large scale; there has been a legion of bankruptcies in suspicious circumstances. These things will, I hope, first be looked into by a committee of this house.

Before I conclude, I have certain questions I should like to address to the minister. Did the federal government or the office of the bankruptcy division receive information from Mr. Gruber regarding no fewer than five other bankruptcies this year? Did Mr. Gruber write to the bankruptcy division on November 2 last relating to a bankruptcy in Canada, and what action was taken? I think the letter will be available.

Finally, I say the time has come for this government to shed its present attitude of not being responsible. Hon. gentlemen opposite are responsible as far as the insurance companies are concerned. Let them shake themselves out of this lethargy, so that in the future not only other Canadians may be protected from wrongdoing, but so that those people who invested because this was a company under federal responsibility will not be made the goats, and suffer, because they believed that an insurance company was something apart from the ordinary run of corporations. They thought that when they took out insurance they would be protected, and that when they bought shares in an insurance company they could do so in the confidence, on the basis of experience and law, that examinations would be made regularly to the end that they would not suffer financial loss.

[Mr. Diefenbaker.]

The minister laughs and smiles. He and his hon. friends smile while unfortunate people are suffering losses.

An hon. Member: Who is smiling?

Mr. Diefenbaker: Do they interject and say, no? These people invested their life savings. They have lost them, now, and all the government says is: We wash our hands; we are without sin; we did not do anything, but we did not have anything to do. That answer is insufficient.

Mr. David Lewis (York South): The matter the house is now discussing discloses a shocking lack of legal protection, both federal and provincial, against irresponsible profit seekers in the finance and acceptance corporation field.

I must say that the minister's statement today astonished me somewhat, because parts of it were in direct contradiction to one of the things he said last Friday. If I heard him correctly, he said that Mr. Gruber saw members of the insurance division of his department in January last and told them something about a toy company, which was not connected with Prudential at all.

Mr. Sharp: I said that the only correspondence on file between Mr. Gruber and the Superintendent of Insurance related to the bankruptcy of a toy company.

Mr. Lewis: I am glad to hear that correction. The hon. gentleman left with me the impression that I stated. But I would remind him, merely to make a point which I think is of wider and more important application, that as reported at page 11221 of *Hansard* he said this:

> In January of this year, Mr. Gruber said he had information to disclose which would be significant to anyone concerned about the affairs of Prudential Finance or its subsidiaries—

The minister went on to say that Mr. Gruber would only make the disclosure if he were offered legal protection. To date I have not heard what sort of legal protection he was asking. The main point in that statement is that he said he had information which would concern anyone interested in the affairs of Prudential Finance or its subsidiaries. And one of its subsidiaries is, of course, the North American General Insurance Company for which the minister has responsibility.

Mr. Sharp: May I rise on a point which disturbed me a little when I read *Hansard*? I am informed by my officials that they only

made an inference about Prudential Finance. The first time they spoke of this they had not looked at the records and their recollection was that Mr. Gruber had mentioned Prudential Finance. But when they looked at the notes which had been kept they discovered he had not named the company, and they had only drawn the inference. I should like to make this correction now.

• (3:30 p.m.)

Mr. Lewis: May I ask the minister to stop being defensive, and to cease concerning himself about who surmised what? The important fact, as far as the Canadian people are concerned, is that the officials of his department had reason to be concerned about a company, a subsidiary of Prudential Finance, over which the federal government had jurisdiction, and it was their duty to do something about it. It was also their duty at that time to get in touch with the provincial authorities. It was not good enough for them to take the lofty position the minister took on Friday, as appears at page 11271, that as far as he knew Mr. Gruber passed the information along to the provincial authorities at the same time as he passed it to the federal government. Mr. Gruber now denies having done that. I do not think any member of this house is concerned with precisely how much reliance is to be placed on Mr. Gruber's statement. I have never met him in my life; never spoken to him. I submit that what is of concern to this parliament, and what the minister would do well to admit for the sake of Canada, is that there was a slip up—there was a failure to act when the department should have acted last January.

If the minister had the touch of greatness which is required, I believe he would do this. It is not his personal responsibility, and we would know that having admitted a failure in this case a similar failure was less likely to occur in the future. But one cannot help being concerned at this attempt, now, to gloss over something which is indefensible, this failure on the part of officials of the hon. gentleman's department who might otherwise be entirely competent and good officials—I do not know them, either. But in this case they did a disservice to Canada and a disservice to the policyholders and investors who had trusted Prudential Finance and North American General Insurance.

I want to make two or three points of a more positive character. It seems to me this entire, regrettable and shocking case shows that there is great danger in permitting any person, and any group of people who are concerned with nothing else but the profit they can make out of it, to set up finance companies, to lend poor consumers' money at exorbitant interest rates, and then to permit them to proliferate into all sorts of subsidiaries which may swallow up insurance companies at the expense of the policyholders and of the integrity of this country.

I say that what is needed is not an inquiry by a parliamentary committee, which seems to me to be very limited indeed. On our behalf, I urge the minister to consult with the provincial authorities in this country, to make a thorough inquiry in this entire field, both federal and provincial, of these small insurance companies and of these, as it turns out, thieving finance and acceptance corporations.

I say secondly, Mr. Speaker, this situation clearly shows a lack of adequate legislation on the federal level and the provincial level. It is not enough for the minister to blame the Ontario government and to try to clear his skirts by doing that. I agree with the minister that the Ontario authorities are fully as much responsible, if perhaps not even more directly responsible, as the federal authorities. But it seems to me the federal government has a responsibility to convene a conference of all provincial authorities, not only the insurance companies but the authorities within the provinces, in order that a combined and consistent effort can be made to plug the loopholes in our legislation and a stop called to this thieving that has gone on, with the failures that have followed.

Finally, Mr. Speaker, as we approach our centenary, may I say it is a heartbreaking thing to see these important events, affecting the lives and the future of thousands of Canadians, taking place in separate compartments in this country. The lack of co-operation between Ottawa and Queen's Park, and the similar lack of co-operation between Ottawa and other provincial centres, is a disservice to this country. I express the hope that this sad incident, which cannot now be cured so far as the investors, the policy holders and the many people who have lost their savings are concerned, will teach us to establish a line of authority and co-operation between the federal and provincial governments that will be of real value to our country.

On behalf of our party I should like to urge the right hon. Prime Minister that the federal government seek to co-operate with the provincial government of Ontario, and other governments if they are involved, to find some

way of compensating the poor investors and policy holders who have suffered from this tragedy which our government and the provincial government failed to prevent.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I do not intend to try to attach any blame, or to comment on the relationships of the failure of the Prudential Finance Corporation to the Minister of Finance (Mr. Sharp). However, I think the minister has a responsibility to see whether or not there are any other federally chartered insurance companies that may be controlled by these so-called "10 percenter" finance companies. These finance companies, of course, are under the jurisdiction of provincial governments.

I agree that we have had too many of these failures which have involved the savings of a lot of innocent people. Therefore, there is an important responsibility on the part of the Minister of Finance to see that these insurance companies are not being bought up or controlled by this type of finance company.

The minister said earlier that there was nothing said to the officers in his department that was worthy of referring to any other department or, for that matter, to the officers in the government of Ontario. When Mr. Gruber came to the office of the superintendent of insurance and explained to the officials there that there were some problems involved, I cannot accept the fact that those officers did not at once examine the corporate structure of the company to see how it was controlled. Surely if there is any reason at all for requiring a federal charter for insurance companies, it must be to give some legal protection to the people who invest in those companies.

I am not suggesting that a federal charter in any way guarantees success within those companies, but it certainly ought to guarantee honesty, something which has not been present so far as the administration of the North American General Insurance Company is concerned.

The minister also said that Mr. Gruber never called at his office, never telephoned him, and so on. That is of no particular consequence to me because I think there are other ways of communicating information, such as to the department, and the department should act on that information. The minister went on to say that he is not satisfied with the federal legislation we have at the moment respecting this kind of problem, and that he is not satisfied with the federal legislation we have at the moment respecting this kind of problem, and that he is not satisfied with what is in the provincial statutes. We, too, are not satisfied in that respect, and we can at least agree with him that something ought to be done to tighten up these laws so that there may not be a repetition of this incident.

We would support the suggestion that an inquiry should be made into this matter. I am not entirely sure a parliamentary committee should be the first step taken to look into the matter, but I think it might be a logical second step, after we have had a thorough investigation by a royal commission to make sure there are no more corporate structures of this kind whereby provincially chartered companies have control of federally chartered insurance companies.

If there are such corporate structures and we see that there may be the possibility, or the probability, of some of them being in a weak financial condition with respect to their obligations, then some action should be taken, and taken right away. In conclusion, Mr. Speaker, I want to say on behalf of this party that we are not satisfied with the explanation that has been given today or with what was done with the information that was in the hands of some of the federal government officials several months ago. We hope we are not going to have any more excuses or buck-passing in the house, and that positive action will be taken to clear away this mess and strengthen legislation so that there will be no repetition of it.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*CONSIDERATION OF IMMIGRANT EDUCATION

Question No. 1,797—**Mr. Stanbury:**

1. Regarding the answer to question No. 1,749, answered on June 29, 1966, has the government received any further information about the national manpower conference announced last March by the education ministers of Ontario and Quebec, to be held next fall with federal representation invited?

2. If not, will the government make inquiries from those provincial ministers about progress of plans for such a conference?

3. When discussing this matter with the provinces, will the government request that the subject of joint initiatives in immigrant education be included on the agenda of the conference?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): 1. Approximately 300 delegates and observers attended the first interprovincial conference on education at Montreal on September 8, 9 and 10,

1966. Federal government representatives included the Minister of Manpower and Immigration and officials from the Department of Manpower and Immigration, the Department of the Secretary of State, the Special Planning Secretariat of the Privy Council Office, and the Economic Council of Canada. Special papers for the conference were prepared by the Economic Council of Canada and by Air Canada.

2. Not applicable.

3. The conference centred upon the discussion of seven subjects: (1) The relationship of education to economic and social goals. (2) Relationships between industry and education. (3) Education and the development of public and community services. (4) The retraining of manpower and continuing education. (5) Training and the new educational technology. (6) Educational research and development needs and opportunities. (7) The reorganization of structures at the post-secondary and university levels to meet the needs of the professional sector.

Aspects of immigrant education were discussed as part of these subjects.

REPLACEMENT OF RETURNING OFFICERS

Question No. 2,027—**Mr. Lambert:**

1. With respect to the reply to question 1,933, *Hansard* October 5, 1966 p. 8,337, what are the names of the returning officers who have been named in the constituencies referred to as in the province of Alberta?

2. What are the dates of their respective appointments?

3. From what persons were sought, and from whom were received, recommendations for each of such appointments?

4. If no such appointments have yet been made, when is it expected that such nominations will be made and announced?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): 1. Alberta, 19.

(1) Athabasca, Mr. Louis Badry, P.O. Box 476, Lac de la Biche.

(2) Battle River, Mrs. Jessie Burgess, Camrose.

(3) Calgary Centre, Mr. William A. Peters, 1405, 7th Street N.W., Calgary.

(4) Calgary North, Mrs. Joan Anderson, 103—43rd Avenue N.E., Calgary.

(5) Calgary South, Mr. William C. Morley, Calgary.

(6) Crowfoot, Mr. Lee Sims, Veteran, Alta.

(7) Edmonton Centre, Mr. George J. H. Baribeau, 13503—115th Street, Edmonton.

(8) Edmonton East, Mr. James Salyzyn, 12120—52nd Street, Edmonton.

(9) Edmonton-Strathcona, Mrs. A. P. Hunter, 8315—120th Street, Edmonton.

(10) Edmonton West, Mr. Louis O. Ohlsen, 13202—81st Avenue, Edmonton.

(11) Lethbridge, Mr. Edwin Frank Hembroff, 1105—6th Ave. South, Lethbridge.

(12) Medicine Hat, Mr. Gilford J. Emery, 910—3rd Avenue S.W., Medicine Hat.

(13) Palliser, Mr. Louis Schmaltz, Beiseker.

(14) Peace River, Mr. Paul E. Maisonneuve, Guy, Alta.

(15) Pembina, Mr. Frank F. Appleby, Athabasca.

(16) Red Deer, Mr. Neil Leatherdale, Olos.

(17) Rocky Mountain, Mr. Len Clatiotis, Banff, Alta.

(18) Vegreville, Mr. Roland F. Rocque, St. Paul, Alta.

(19) Wetaskiwin, Mr. Lawrence Wilson, Wetaskiwin, Alta.

2. Nos. 3, 4, 8, 9, 10, 11, 12, 14, 19 were appointed September 29, 1966. Nos. 1, 5, 13, 15, 16, 18 were appointed October 20, 1966. Nos. 2, 6, 17 were appointed October 27, 1966. No. 7 was appointed November 24, 1966.

3. From responsible persons who made it a point to recommend such appointments.

4. N/A.

MANITOBA—RETURNING OFFICERS IN NEW CONSTITUENCIES

Question No. 2,100—**Mr. Dinsdale:**

1. Have returning officers been appointed for the new constituencies in Manitoba?

2. If so (a) what are their names and addresses (b) upon whose recommendation and under whose authority were the appointments made in each case?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): 1. Yes.

2. (a) For Brandon-Souris, Kenneth O. Bicknell, 136—11th St., Brandon. Churchill, Orson F. Wright, 35 Main St., Flin Flon. Dauphin, Mr. Roderick J. A. Dewar, Dauphin. Lisgar, Mr. James Hunter Treble, Crystal City. Marquette, Donald Ross, Minnedosa. Portage, Elwood Brooker, 37 Royal Road S., Portage La Prairie. Provencher, Mr. Anton Weselak, Beausejour. St. Boniface, Mr. Jean-Marie Deniset, 62 Springside Avenue, St-Vital. Selkirk, Donald Nightingale, 471 Linden Ave., Winnipeg 15. Winnipeg North, Greg Ratuski, 34 Daffodil, Winnipeg 17. Winnipeg North Centre, Tom Blaine, 933 Garfield Avenue,

Winnipeg 3. Winnipeg South, Arthur Wortzman, 233-233 Portage Ave., Winnipeg 1. Winnipeg South Centre, Ron Gillies, 288 Moorgate St., Winnipeg 12.

(b) Recommended by the Secretary of State under the authority of section 8 of the Canada Elections Act and section 27 of the Electoral Boundaries Readjustment Act. (13 Elizabeth II Chap. 31).

BANFF NATIONAL PARK—ACCOMMODATION CONCESSIONS

Question No. 2,106—**Mr. Fane:**

1. From whom were tenders received regarding hotels, motels or room accommodation concessions in Banff National Park, Alberta in 1964, 1965 and 1966?

2. What is the name of the company or companies submitting tenders that were accepted?

3. What are the names of the directors and members, and the offices held, of the successful firm or firms?

4. What are the amounts of the tenders accepted?

5. When were the hotels, motels or room accommodations authorized and when were or will they be opened for business?

6. What companies are now operating them if already opened for business?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Few tenders were called for the provision of hotels, motels or room accommodations in Banff National Park in the years 1964-65-66 because nearly all suitable serviced land is already under lease by private persons or corporations. The function of the Minister is confined to confirming whether the proposed use of the land is consistent with the terms of the lease and the zoning regulations. An exception to this is and will be the visitor services centres, the first of which is being developed at Lower Lake Louise. A tender for the development of Motel Site No. 3 in this centre was received from Power Corporation Developments Limited on September 8, 1965. A tender was also received from Brent Holdings Limited for the development of low cost staff accommodation in Banff Townsite on November 30, 1965.

2. Power Corporation Developments Limited's bid was not accepted because it did not meet specifications. The bid submitted by Brent Holdings Limited of Edmonton was accepted on condition that suitable financing would be arranged. The company was unable to arrange the necessary financing and the bid was withdrawn on March 15, 1966.

3. Hans Hartwig, President; Marianne Hartwig, Secretary-Treasurer.

4. The tender submitted by Brent Holdings Limited and accepted conditionally was $222,000.

5. As indicated in (1) above, most or nearly all suitable serviced land is already held under lease by private persons or corporations. In this category, the following hotels, motels or room accommodations were either started or completed in the years 1964-65-66 according to the department's records: Deer Lodge: Banffshire Inn Motel, Voyager Inn Motor Hotel, Bow View Motor Lodge. Banff Motel: Mountain View Bungalows, Pinewood Bungalows, Sunshine Village Lodge. Ski Club of the Canadian Rockies: Charlton Cedar Court, Towne House.

6. See 5 above. New or expanded accommodations either started or completed in the years 1964-65-66:

Name of Company	Name of Development	No. of units	Cost of construction
1. Crosby Company Limited	Deer Lodge	24	$239,000
2. Rundle Construtcion Limited	Banffshire Inn Motel	54	$309,368
3. Banff Voyager Inn Limited	Voyager Inn Motor Hotel	88	$900,000
4. Bow View Motor Lodge Limited	Bow View Motor Lodge	59	$454,941
5. A. Kilinowski	Banff Motel	21	$ 93,952
6. Thomas Brown and Coy Amelia Brown	Mountain View Bungalows	6	$ 14,300
7. Marob Holdings Company Limited	Pinewood Bungalows	24	$ 70,000
8. Sunshine Village (Banff) Limited	Sunshine Village Lodge	60	$592,000
9. Ski Club of Canadian Rockies Lake Louise	Ski Club of Canadian Rockies	24	$ 82,488
10. Elmer Robinson Charlton and Grace Charlton	Charlton Cedar Court	16	$115,000
11. Brent Holdings Limited	Towne House	42-bachelor apartments	$715.575

CALENDAR REFORM

Question No. 2,125—**Mr. Bell (Carleton):**

1. Has any consideration been given by the government to the subject of calendar reform?

2. If so, when and by what agency of government?

3. Have any tentative conclusions been achieved?

4. Have there been any negotiations or discussions with any international organizations or with other nations on the subject of calendar reform?

5. If so, what is the nature and result of such negotiations or discussions?

Mr. John R. Matheson (Parliamentary Secretary to the Prime Minister): 1. The subject of calendar reform was considered in 1955 by several departments concerned with the effects of a reform of the calendar as a result of a request by the Secretary-General of the United Nations that the Canadian government forward its views on the desirability of reforming the calendar.

2. See answer to previous question. The matter was considered in 1955 by an interdepartmental committee on calendar reform composed of representatives of the Departments of Citizenship and Immigration, External Affairs, Labour, Mines and Technical Surveys (Dominion Observatories), Secretary of State, Trade and Commerce (Dominion Bureau of Statistics) and Transport.

3. No firm conclusions have been reached on this matter. The reply to the Secretary-General's request, embodying the recommendations of the interdepartmental committee, stated that "the Canadian Government has come to the conclusion that a study, under the auspices of the Economic and Social Council, of the possibilities of calendar reform might prove useful. While expressing an interest in a study of calendar reform proposals and possibilities, the Canadian government does not wish at this time to support or commit itself to any specific reform". Generally speaking, it is considered that for Canada to initiate a reform of the calendar on its own would be to invite many inconveniences, not only to ourselves, but to other countries dealing with us. Consequently, whatever reforms are made should be made on an international basis. Should a serious international interest in reform plans develop, the government would be prepared to consider the question in a worldwide context under the auspices of the United Nations.

4. The question of world calendar reform was considered in 1956 by the twenty-first session of the United Nations Economic and Social Council, of which Canada was a member at that time. In the brief debate which took place in ECOSOC most representatives expressed the view that the time was not ripe calendar reform. At the close of the discussion a proposal to adjourn indefinitely consideration of the question was adopted by a vote of 15 to 0 with three abstentions. Canada abstained on this proposal because we were unwilling to vote in favour of the indefinite postponement of this question and felt that continued study of calendar reform under United Nations auspices would be worthwhile. At the same time, we recognized that there was relatively little interest internationally in this question. There has been no further discussion on the matter of calendar reform in the United Nations since 1956.

5. See answer to previous question.

*APPOINTMENT OF RETURNING OFFICERS

Question No. 2,127—**Mr. McCleave:**

Has the government, or any department, appointed returning officers for the ridings in the next general election and, if so, how many are the returning officers who served in the 1965 general election?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, the answer to the first part of the question is yes. The answer to the second part is, 52.

LIVE ATTRACTION AT HALIFAX CITADEL

Question No. 2,141—**Mr. Forrestall:**

Is it the intention of the government to introduce any form of live attraction, such as is the case at Fort Henry, at Halifax Citadel for our Centennial year?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): The development at the Halifax Citadel will not have reached a stage by Centennial year to provide live attraction, although such a project may be considered after possible restoration has provided a safe and historically accurate context in those areas requiring renovation.

IMMIGRATION OFFICES OUTSIDE CANADA

Question No. 2,186—**Mr. Wahn:**

1. In what cities outside Canada does Canada maintain its own immigration offices where applications can be filed and immigrants interviewed for entry to Canada?

2. In the last financial year for which figures are available, how much did the government of Canada spend in respect of each such office?

Questions

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1 and 2. Applications can be filed and immigrants interviewed at the Canadian Immigration offices in the cities listed below. Indicated opposite each office is the cost of operation for the fiscal year April 1, 1965 to March 31, 1966.

City	Operational Cost	
Athens	$ 73,594	
Belfast	43,325	
Berlin	32,458	
Berne	63,043	
Birmingham	.....	(Opened Sept. 1966)
Bordeaux	30,208	Began operations May 1965.
Bristol	52,186	
Brussels	87,807	
Cairo	51,054	
Cologne	303,574	
Copenhagen	86,642	
Dublin	24,867	
Glasgow	126,336	
Hamburg	40,943	
Helsinki	30,428	
Hong Kong	209,843	
Leeds	87,203	
Lisbon	69,242	
Liverpool	87,537	
London	471,266	
Madrid	42,606	
Marseilles	23,675	Began full operations June 1965.
Milan	29,922	Began operations August 1965.
Munich	30,023	
New Delhi	88,624	
Oslo	31,385	
Paris	327,958	
Rome	268,659	
Stockholm	52,081	
Stuttgart	39,181	
Tel-Aviv	37,333	
The Hague	73,279	
Tokyo	12,414	Began operations June 1965.
Vienna	114,865	

MONTREAL, P.Q.—LEASE BY C.B.C. FROM NAMI INVESTMENTS CORPORATION

Question No. 2,192—**Mr. Allard:**

1. Were tenders called for the lease between the C.B.C. and Nami Investments Corporation in connection with the new C.B.C. site in Montreal and, if so (a) under what procedure (b) for what amount and under what conditions was the said lease entered into (c) did any other group of persons offer to enter into a lease under the same conditions offered by Nami Investments Corporation and, if so (i) who are they (ii) if the conditions were different, in what way?

2. When the C.B.C. sells, buys or leases, are tenders called and, if so, how?

[*Translation*]

Hon. Judy V. LaMarsh (Secretary of State): The C.B.C. informs me that: (1). No. Nami Investments Corporation approached the C.B.C. (a) N/A. (b) $43,593.75 for a period of 12½ months from December 1, 1966, with all buildings and services to be removed by date of expiry of lease, December 15, 1967. (c) Yes. A second proposal was made subsequent to negotiations having been commenced with Nami Investments Corporation. (i) "Motel 67" represented by J. Morin. (ii) N.A.

2. No. When the Corporation sells surplus real properties it advertises them for sale and accepts the highest bidder. In the case of purchasing or leasing real properties, the Corporation negotiates the best possible agreement.

[*English*]

EXTRA HIGH VOLTAGE TEST CENTRE

Question No. 2,202—**Mr. Hales:**

1. Is it the intention of the National Research Council to build and equip an Extra High Voltage Test Centre?

2. If so, when, and where is the location?

3. To what does Vote 5 on page 316 of Estimates 1966-67 for National Research Council to the amount of $7,033,000 refer?

Hon. C. M. Drury (Minister of Industry): 1. The National Research Council of Canada has under consideration and is looking into, all aspects of the problems concerning the building and equipping of high voltage research facilities.

2. No decision has been made concerning when, and where these will be constructed.

3. Vote 5 on page 316 of Estimates 1966-67 for the National Research Council to the amount of $7,033,000 refers to provision for construction of buildings, for associated equipment and planning, and for alterations and extensions of a capital nature. Projects which are underway are located in Nova Scotia, Ontario, Manitoba and Saskatchewan.

CORN IMPORTS FROM UNITED STATES

Question No. 2,214—**Mr. Peters:**

1. What is the number of bushels of corn imported into Canada from the United States in 1965?

2. What was the amount of duty paid on the corn imported from the United States in 1965?

3. What was the total number of bushels of corn designated for manufacturing and that designated for feed purposes?

4. What was the rate of duty paid per bushel on corn imported from the United States for (a) feed purposes (b) seed purposes (c) manufacturing purposes?

5. What was the total break-down of American imported corn by grades and the duty paid on each grade in the year 1965?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the departments of Trade and Commerce and National Revenue as follows: 1. Imports of Indian corn, shelled* into Canada from the United States in 1965 amounted to 18,179,700 bushels, valued at $27,788,976.

2. The duty paid on imports of Indian corn, shelled* from the United States in 1965 was $1,453,867.

3. Information requested is not available.

4. (a) (b) (c) eight cents per bushel.

5. A breakdown by grades and duty paid on each grade is not available. The same rate, eight cents per bushel, applies to all grades.

*Corn imported in bushels is recorded in statistics under the description Indian corn, shelled.

FUNDS IN R.C.M.P. SUPERANNUATION ACCOUNT

Question No. 2,234—**Mr. Knowles:**

1. What was the total amount of money in the Royal Canadian Mounted Police Superannuation Account as at (a) March 31, 1964 (b) March 31, 1965 (c) March 31, 1966?

2. What rate of interest does the government pay for the use of this money?

3. What amount of interest was credited to the Royal Canadian Mounted Police Superannuation Account during the fiscal years ending (a) March 31, 1964 (b) March 31, 1965 (c) March 31, 1966?

4. What was the total amount paid out of the Royal Canadian Mounted Police Superannuation Account during the fiscal years ending (a) March 31, 1964 (b) March 31, 1965 (c) March 31, 1966?

Hon. L. T. Pennell (Solicitor General): 1. (a) $45,986,906.99; (b) $57,706,948.59; (c) (c) $65,411,253.45.

2. Interest is credited to the superannuation account on the last day of each quarter in each fiscal year and is calculated at the rate of 1 per cent of the balance to the credit of the account on the last day of the preceding quarter.

3. (a) $1,576,978.32; (b) $1,929.488.33; (c) $2,420,759.75.

4. (a) $573,195.38; (b) $666,752.98; (c) $848,113.32.

SURPLUS UNITS IN ROYAL CANADIAN NAVY

Question No. 2,249—**Mr. MacEwan:**

1. What units of the Royal Canadian Navy are now being declared surplus or will be declared surplus at an early date?

2. What is the type and classification of each individual ship?

3. In what month in 1967 will tenders be called for the four new all-purpose destroyers?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. and 2. The following ships are being prepared for disposal through the Crown Assets Disposal Corporation:

Questions

Name of Ship	Type	Classification
H.M.C.S. *Granby*	YMT 180	Bangor class diesel Minesweeper
H.M.C.S. *Antigonish*	DE 301	Prestonian class frigate
H.M.C.S. *Beacon Hill*	DE 303	Prestonian class frigate
H.M.C.S. *Jonquiere*	DE 316	Prestonian class frigate
H.M.C.S. *New Waterford*	DE 304	Prestonian class frigate
H.M.C.S. *Sussexvale*	DE 313	Prestonian class frigate
H.M.C.S. *New Glasgow*	DE 315	Prestonian class frigate
H.M.C.S. *Swansea*	DE 306	Prestonian class frigate
H.M.C.S. *Stettler*	DE 311	Prestonian class frigate
H.M.C.S. *Ste. Therese*	DE 309	Prestonian class frigate

3. It is expected that tenders will be called for anti-submarine helicopter destroyers in March 1967.

REPLACEMENT OF INSIGNIA ON AIRCRAFT

Question No. 2,278—**Mr. McCleave:**

1. Have the words "Royal Canadian Air Force" been painted out and replaced by the words "Canadian Armed Forces" on (a) C-45 Expediter Aircraft number 2368 (b) any other aircraft of the Royal Canadian Air Force?

2. Is there now a legal entity known as "Royal Canadian Air Force"?

3. Is there now a legal entity known as "Canadian Armed Forces"?

4. If the answer to Part 1 is yes, on whose authority was such done?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. (a) Yes, temporarily, for the purpose of taking a picture. (b) No.

2. Yes.

3. No, although section 15 of the National Defence Act refers to the Canadian forces.

4. The base commander.

QUEBEC—LAND GRANTS FOR PARKS

Question No. 2,288—**Mr. Duquet:**

Has the federal government, since 1960, been granted land by the government of the province of Quebec to be used for national parks or historic sites in the province of Quebec and, if so, where in the province and to commemorate what historic event?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Yes, in Quebec city relating to the development of the National Historic Park commemorating Jacques Cartier's wintering.

[Mr. Cadieux (Terrebonne).]

OROMOCTO, N.B.—BOARD OF COMMISSIONERS

Question No. 2,294—**Mr. MacRae:**

1. Have representations been received by the federal government from the government of the province of New Brunswick or any official thereof in connection with the provision of elected representatives to the Board of Commissioners of the town of Oromocto

2. If so (a) on what date were they received (b) by whom were they made (c) what was the answer given to the province of New Brunswick by the federal government?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. Yes.

2. (a) June 6, 1963. (b) W. R. Duffie, Minister of Health and Welfare. (c) the then Associate Minister of National Defence, the Hon. Lucien Cardin, subsequently held discussions with the Premier of New Brunswick. No further action has been taken.

CHANDLER, P.Q., POST OFFICE REPAIRS

Question No. 2,298—**Mr. Keays:**

1. Were there any repair jobs done to the Chandler, Quebec post office during 1965?

2. If so, (a) who were the tenderers (b) what were the amounts (c) who was awarded the contract?

3. Does the Department of Public Works award contracts to registered employers only?

Hon. G. J. McIlraith (Minister of Public Works): 1. Yes.

2. A repair job was carried out at Chandler during 1965. This was emergency plumbing done by Alcide Bonthier at a cost of $165.92. Tenders were not obtained.

3. No.

GROSS NATIONAL PRODUCT

Question No. 2,306—**Mr. Latulippe:**

What was the amount of the gross national product (a) in current dollars (i) 1946 (ii) 1966 (b) in constant dollars (i) 1946 (ii) 1966?

Questions

[*Translation*]

Hon. Robert Winters (Minister of Trade and Commerce): (a) and (b)

Gross National Product, Canada

	Millions of Current Dollars	Millions of Constant, 1949 Dollars
1946	11,850	15,251
1965 (latest year available)	51,996	33,770

[*English*]

SAINT-HYACINTHE, P.Q., RAILWAY TUNNEL

Question No. 2,313—**Mr. Ricard:**

What was the cost of the tunnel that was built under the Canadian National Railways in Saint-Hyacinthe?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Assuming that the question refers to the subway constructed at the crossing of the Canadian National Railways and Highway No. 9, Sir Wilfrid Laurier Highway, Saint-Hyacinthe, P.Q., the Board of Transport Commissioners for Canada advises as follows:

The total cost of constructing the subway was $583,238.89. The board authorized and paid from the Railway Grade Crossing Fund $466,591.11; $87,485.84 was paid by the Quebec Department of Roads and the Canadian National Railways paid $29,161.94.

CUMBERLAND COUNTY, N.S.,—GRADE SEPARATION STRUCTURE

Question No. 2,319—**Mr. Coates:**

1. Did the Department of Public Works receive a proposal from the government of the province of Nova Scotia for construction of grade-separation structure at the intersection of the Race Track Road in Cumberland county that would be part of the Trans-Canada Highway agreement with the province of Nova Scotia and, if so, what was the decision regarding this proposal?

2. If a negative decision was reached, what was the reason for such a negative decision?

Hon. G. J. McIlraith (Minister of Public Works): 1. A proposal was received, but it was not approved under the Trans-Canada Highway agreement.

2. Traffic on the Race Track Road is too light to satisfy the established criteria under the agreement.

FORTEAU-CHURCHILL FALLS ROAD CONSTRUCTION

Question No. 2,330—**Mr. Dionne:**

1. What is the percentage of the federal government contribution for the construction of the road connecting Forteau with Churchill Falls?

2. How many employees are now involved in this project and how many aircraft are being used to transport men and materials?

3. What is the estimated cost of building this road?

Hon. Judy V. LaMarsh (Secretary of State): 1. The government has no knowledge of any road being constructed between Forteau and Churchill Falls and is obviously making no contribution to such a project.

2 and 3. See answer to part 1.

UNEMPLOYMENT INSURANCE FOR CANADIAN WORKERS IN U.S.

Question No. 2,332—**Mr. Dionne:**

Have further steps been taken by the government with the aim of concluding an agreement with United States authorities to make it possible for Canadian workers in the U.S.A., particularly in the states of Maine and New Hampshire, to receive unemployment insurance allowance and, if so, what are the results to date?

Hon. J. R. Nicholson (Minister of Labour): No. Representatives of the government of Canada have made repeated efforts to arrive at such an agreement, especially with respect to Canadian workers employed in the states of Maine and New Hampshire. At the time of the most recent discussions those states made it clear that they were not willing to make such an agreement and this was reported to this house at the time.

QUESTION PASSED AS ORDER FOR RETURN

SASKATOON, SASK.—DISPOSAL OF AIRCRAFT AT BASE

Question No. 2,191—**Mr. Brand:**

1. How many and what kinds of aircraft at the airforce base at Saskatoon have been declared surplus to Crown Assets Disposal Corporation?

2. How many have not been declared surplus?

3. Have any of these been sold by Crown Assets Disposal Corporation and, if so (a) how many (b) what kinds (c) for what price (d) to whom?

4. Were these aircraft sold by tender or in what manner?

5. Were any Canadian firms or individuals refused permission to tender on the above aircraft?

6. Are there any conditions attached to the sale of the aircraft in order to prevent them from being bought for military use?

Return tabled.

Inquiries of the Ministry

BANKRUPTCY

PRUDENTIAL FINANCE CORPORATION—PAYMENTS TO COMPENSATE FOR LOSSES THROUGH COMPANY FAILURE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, since this matter covers more than one department I should like to address my question to the Prime Minister. Whatever the division of responsibility between the federal and the provincial governments, will the government give consideration to making good the losses of investors in the insurance company and ensure that the 20,000 people who have purchased insurance will be protected by the transfer of their policies to other companies with the government on behalf of the people of Canada covering the expenses in that connection?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have the greatest sympathy with the purpose behind the right hon. gentleman's question, as I am sure have all hon. members. We are looking into the implications of action of this kind and I certainly should like to study the situation before I give a considered reply, which I hope to do very very shortly.

DISCUSSIONS WITH PROVINCIAL MINISTERS TO ENSURE INSPECTION AND REGULATION OF FINANCE COMPANIES

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, my question is for the Minister of Finance. The minister on Friday told us that he had called the insurance companies together for a meeting, in particular to discuss the possibility of improving and closing loopholes in the legislation in their regard. I should like to ask the minister now whether, at the same time or at an early date, he would consider a similar process with regard to finance campanies incorporated under the laws of Canada. And simultaneously in that connection would he discuss with the provincial ministers as well, the question of tightening the loopholes in the operation of the laws relating to finance companies, with a view possibly to bringing them under an over-all umbrella of control in the form of inspections and regulations, possibly through some such device as the lender of last resort, or other measures which might be considered. Will the department look into this at the same time?

Hon. Mitchell Sharp (Minister of Finance): Yes, Mr. Speaker. As I said, I am calling the insurance companies together to see whether we can specifically improve federal regulations. I have also already called a meeting of my own departmental officials to look at the more general questions surrounding the adequacy of control that now exists in the general field of finance companies.

I took the opportunity this morning of talking to one of the Ontario ministers, Mr. Rowntree, to find out whether he would be interested in meeting with us. I do not know whether he spoke on behalf of his government, but he indicated he would be willing and very eager to hold such discussions.

Mr. Fulton: When the minister is making these urgent requests, may we understand that the scope of these conferences will be such as to include representatives of the provinces, as well as federally incorporated finance companies?

Mr. Sharp: Yes. My purpose in speaking to Mr. Rowntree of Ontario was to find out whether he would be interested personally in such discussions. I think he spoke for his government. If ministers of other provinces are like-minded, we will hold such a conference.

FINANCE

ACTION ON ROYAL COMMISSION RECOMMENDATION RESPECTING SECURITIES CONTROL

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I have a supplementary question which I should like to direct to the Prime Minister. It deals with the fact that on April 30, 1965 I asked this following question of the Minister of Finance:

> Will the minister tell the house if the government intends to take any action on the Porter Commission recommendation concerning securities administration and control?

The answer given by the minister at that time, Hon. Walter L. Gordon, was that the matter was under study and had been for some time. In view of the circumstances of this past week, would the Prime Minister now give very urgent consideration to carrying out the recommendation of the Porter Commission dealing with the national securities commission, in co-operation with the provincial securities commissions, and also in co-operation with the S.E.C. in the United States.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, as my hon. friend knows the federal government has been looking into this matter since the day of that question, indeed,

before that. We set up a task force under a very competent and experienced lawyer who visited every provincial capital and discussed the problem with all the provincial governments. As a result of that discussion and the report which he made to the federal government, a federal-provincial conference was held which reached certain conclusions. It is hoped that these conclusions will result in legislative action, both federally and provincially, in order to deal with this very serious problem in a more efficient way in the future than perhaps has been possible in the past. As has been pointed out, action already has been taken at both levels of government and we hope before long to be in a position to announce what we will be able to do legislatively. We hope that the parliaments and governments of the provinces will be able to take similar effective action.

Mr. Hamilton: Mr. Speaker, would the Prime Minister also consider the obvious necessity of having some sort of understanding between our national securities commission in co-operation with the provinces, and also with the securities commission in the United States, because of the flow of securities and the necessity to maintain Canada's reputation in these fields at all times?

Mr. Pearson: This is one aspect of the problem which undoubtedly will have to be considered, and which is being considered. It will require that kind of co-operation between the agencies of both countries, if this action is to be fully effective in our country.

Hon. George Hees (Northumberland): Mr. Speaker, in view of the fact that this matter is becoming more urgent daily, could the Prime Minister give some indication of when we might expect some action? Some time in the future could mean that it might drag on for months and years.

Mr. Pearson: Yes; it could drag on for months and years. As a matter of fact it had dragged on for many many years before the action which we began. I agree that action should be taken and not merely considered. We are in the process of drafting legislation ourselves, and we will be considering that legislation with the provincial governments as quickly as we possibly can. As a matter of fact there is a federal-provincial meeting in Ottawa today. The Minister of Finance was in attendance at this meeting this morning and will be returning this afternoon.

Inquiries of the Ministry

LABOUR CONDITIONS

SYDNEY, N.S.—REQUEST FOR EMERGENCY MEASURES TO RELIEVE UNEMPLOYMENT IN STEEL INDUSTRY

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Minister of National Health and Welfare. I should like to ask him whether he has received a telegram from a citizens committee of Sydney, Nova Scotia, expressing great concern about the continuing unemployment resulting from the fact that 35 per cent of the Sydney steel plant work force is directly affected either by lay-offs or wage reductions, and asking him and other members of the government to take emergency measures. If the minister has received that telegram, would he or one of his colleagues inform the house whether such emergency measures are being contemplated and what they are.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I have received such a telegram this morning and I have discussed by telephone with Mr. Nathanson, who sent the telegram, the possibility of a meeting in order to discuss this problem at the earliest possible date.

[*Later:*]

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a supplementary question to the Minister of National Health and Welfare. According to the telegram to which reference has been made, 35 per cent of the working force at the Sydney plant has been directly affected by the lay-offs and wage reductions, and emergency action should be taken. Will the minister indicate what immediate action is being taken to meet the bleak future for the whole area of Cape Breton? Is it a fact that an agreement has been arrived at between the federal government and the province of Nova Scotia whereby some $50 million will be made available in the Cape Breton area over a period of years?

Mr. Speaker: Order, please. Before the Minister of National Health and Welfare answers the question let me say it should be obvious that when the original question was asked by the hon. member for York South, I took it for granted, perhaps erroneously, that the question had reference to action which might be taken by the minister in his capacity as minister of the department.

On other occasions I have ruled, rightly or wrongly, that a question of this type could not be referred to a minister in his capacity as a representative of a provincial region. I believe that ruling is supported by precedent. I will accept the question now posed by the right hon. Leader of the Opposition, if it has reference to the minister's responsibility in his official capacity.

Mr. Diefenbaker: Mr. Speaker, I asked the supplementary question without in any way endeavouring to evade the very sound ruling you have made in that connection. Let me direct this question to the Prime Minister, who is responsible for certain decisions in every department. In order that the Prime Minister will know what the question is, let me again ask him what emergency action is to be taken to meet what has been described in the telegram as a very bleak situation in Cape Breton. Has there been any arrangement entered into between the federal government and the provincial government of Nova Scotia whereby some $50 million will be made available to the Cape Breton area over a period of years?

Right Hon. L. B. Pearson (Prime Minister): In respect of the first part of the question, I shall discuss what emergency action has been or can be taken with the Minister of Labour and the Minister of Manpower and Immigration. Perhaps one of those ministers will be able to reply tomorrow.

In respect of the second part of the question, as was indicated in the house last week, we have been discussing with the government of Nova Scotia an agreement regarding a coal policy for Cape Breton. I hope that agreement has been almost completed. One or two points are still outstanding, but we hope to have them cleared up within the next day or so, after which I will be able to make what I hope to be a fairly comprehensive statement on this whole question.

Mr. Diefenbaker: Mr. Speaker, I have difficulty in knowing to which minister to direct these questions. The Minister of Labour is always willing to answer, so perhaps I should direct the question to him. I do not see the Minister of Manpower and Immigration in the house at this time, so perhaps by way of elimination the Minister of Labour gets the opportunity to tell the people of Cape Breton what is going to be done by way of emergency legislation activity to meet the problems faced by these people.

[Mr. Speaker.]

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, regrettably I cannot add much to what the Prime Minister has stated. It is a fact that my colleague the Minister of Manpower and Immigration, myself and two or three other colleagues have had discussions, and some of my colleagues have had talks with the province regarding this subject. We hope to be able to announce something tomorrow.

Mr. E. Nasserden (Rosthern): I have a supplementary question. Will the Prime Minister discuss this matter with the Minister of National Health and Welfare as well? He really looks crestfallen.

Mr. H. Russell MacEwan (Pictou): I have a supplementary question for the Prime Minister, Mr. Speaker, arising from the reply he made to the Leader of the Official Opposition. If it has not already been done, will the Prime Minister, in respect of any agreement with the province of Nova Scotia take into consideration the DOSCO-owned mine in the constituency of Pictou, which will also require aid?

Mr. Pearson: All relevant matters have been considered in relation to this very important question.

UNITED NATIONS

PEACE KEEPING—ATTACK BY RUSSIAN REPRESENTATIVE RESPECTING CANADIAN ROLE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Will he indicate to the house what reply he has made to the action taken by the U.S.S.R. at the United Nations? I refer to the unwarranted attack made on Friday last by the U.S.S.R. against Canada in relation to her role in peace keeping, and the Canadian motion now before the United Nations which would make peace keeping and peace keeping financing more practical?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the Canadian ambassador at the United Nations replied to the statements made by the Soviet Union representative regarding the Canadian peace keeping resolution. There was a motion this morning at the general assembly to postpone the vote until this afternoon. I do not know what the outcome will be.

SHIPPING

MONTREAL, P.Q.—CAPSIZING OF "CABOT" IN HARBOUR

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Transport. Although the minister may already have taken some action, I should like to direct a question regarding the capsizing of the *Cabot* in the Montreal harbour on Friday, with a consequential loss of life to two men aboard that ship? Has the minister taken any action in respect of an inquiry into that accident?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, this very unfortunate accident was under investigation by my department within a matter of a few hours of its occurrence. I am afraid that investigation has not reached the stage at which I could throw any light on the cause of the accident.

Mr. Howard: I have a supplementary question. I presume the inquiry that is taking place is being conducted by an officer of the minister's department. Does he have any intention of directing a formal inquiry into this accident, which was very similar to another accident involving the *Fort William*?

Mr. Pickersgill: Mr. Speaker, I think it would be wise to wait for the report of the first investigation before deciding to hold a second one.

NATIONAL DEFENCE

NATO—SUGGESTED COMMITMENT AT PARIS CONFERENCE TO REDUCE NAVAL STRENGTH

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have a question for the Minister of National Defence. In view of the serious reduction in personnel strength of the Canadian navy and the reduced number of ships now available for service, can the minister indicate what reduction in our NATO commitment was made by the minister at the recent NATO conference?

Hon. Paul Hellyer (Minister of National Defence): No reduction was made, Mr. Speaker. My hon. friend will be pleased to know that the maritime commander expects we will be able to man all of our post-war destroyer escorts next summer. Let me again reassure my hon. friend that the capability of the Royal Canadian Navy, in so far as its primary role in the anti-submarine field is concerned, has never been higher.

Mr. Churchill: A supplementary question, Mr. Speaker, which will give the minister the opportunity to make another bombastic reply. I am not talking about next summer. What is the state of the efficiency of the navy right now, in the personnel available and the number of ships available? Supposing an emergency arose immediately, what is the state of efficiency of the navy?

Mr. Speaker: Order, please. I do not think the minister should be given the opportunity to make a bombastic reply.

Mr. Hellyer: It would be a very short reply, Mr. Speaker: Just "excellent".

Mr. J. M. Forrestall (Halifax): Mr. Speaker, I wonder if the Minister of National Defence could advise the house whether that assurance, which is most welcome, about the manning of ships includes members of the reserve force, in order to make up the required complements?

Mr. Hellyer: No, Mr. Speaker. But my hon. friend will be glad to know that in so far as our forward planning is concerned, we are trying to obtain more realistic co-ordination between the reserve forces of this country and the regular forces in being. I think this is just another indication of the kind of intelligent, forward planning of which the Department of National Defence is capable.

Mr. Diefenbaker: Where did you get the intelligence?

Mr. Speaker: Order, please. It seems to me that the questions now being asked are of a very general nature. Hon. members might have an opportunity to ask these questions when the national defence bill is before the house, perhaps before Christmas.

Some hon. Members: Oh, oh.

UPWARD REVISION IN PAY SCALE OF RESERVES

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a supplementary question for the Minister of National Defence. Has the decision been made to revise upwards the salaries of the reserve forces? The minister indicated some weeks ago that the matter was still under consideration.

Hon. Paul Hellyer (Minister of National Defence): No, Mr. Speaker; but the whole question of the pay of the reserves is under

review, in order to make it as realistic and effective as possible and to provide some incentive for those members of the reserves who have undergone training, as against those who are just entering. Once again, I think this is a forward step and reflects credit on the director of the reserve forces, who is doing an excellent job in this whole area.

REQUEST FOR CONTINUATION OF HYDROFOIL PROGRAM

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, I wish to ask a specific supplementary question. Will the minister and his department continue the hydrofoil program?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, it is being carried on for a number of weeks while we assess more precisely the extent of the damage caused by the fire. Certain parts of the repair process are proceeding in order to give us a clearer picture of exactly what is involved in time and cost, as well as the technological problems which may have developed from the fire. Once all that information is at hand, which will be a matter of about two months, we will be able to decide whether to proceed.

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, following that question, I wonder whether the minister would reply to the question I placed on the order paper on November 8 regarding the hydrofoil. I refer to question No. 2,166.

Mr. Hellyer: I will be very pleased to do so, Mr. Speaker. I do not know exactly what the question is at the moment. I will look it up.

FINANCE

U.S. GUIDE LINES—IMPOSITION UNNECESSARY BECAUSE OF TRADE DEFICIT

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to address a question to the Prime Minister. In view of the announcement of the decision of the United States government to tighten its guide lines controlling the operation of all United States companies operating in other countries, has the Canadian government advised the government of the United States that we already have a trade deficit with that country of more than $1 billion, and that therefore there is no need to tighten those guide lines in this country?

[Mr. Hellyer.]

Mr. Speaker: Order, please. I would not think the question asked by the hon. member is in order at this time. The hon. member seemed intent on making representations and giving information rather than seeking information with his question.

Mr. Hees: With respect, Mr. Speaker, I am really seeking information. I think it is a most important question, and I believe the Prime Minister would like to answer it, if he were allowed to do so.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I was merely going to say that I appreciate the concern of my hon. friend in this matter. I heard him express this concern last night on a very interesting television program. In reply to his question, I would say that we have made the United States government aware of our interest and concern in this matter, not once but several times.

Mr. Nielsen: You could not have been watching Mr. Gruber.

CANADIAN BROADCASTING CORPORATION

SHEPPARD REPORT—ALLEGED BREACH OF PRIVILEGE THROUGH PUBLICATION IN PRESS

On the orders of the day:

Mr. L. M. Brand (Saskatoon): Mr. Speaker, I should like to direct a question to the Secretary of State. On October 7 I asked the hon. lady whether she would be prepared to table a copy of the Sheppard report. She stated at that time, as reported at page 8443 of *Hansard*, that this is a confidential report prepared for the office of the Secretary of State. She also said that if it was to be tabled, and that decision had not yet been made, it would not be soon. In view of the fact that the report has apparently been printed on page 25 of Saturday's Toronto *Daily Star*, would the Secretary of State now be prepared to let the house in on the rest of the contents of this most interesting report?

Hon. Judy V. LaMarsh (Secretary of State): It is confidential, Mr. Speaker. Hon. members will just have to buy last Saturday's *Star*.

Mr. Brand: A supplementary question, Mr. Speaker. I think this is a very important matter. This report has obviously been released to the Toronto *Daily Star*. If it has been released to them and not the House of Commons, I think it is a breach of the privileges of this house.

Miss LaMarsh: I agree that it is a breach of privilege arising from some place, Mr. Speaker, but it was not done with the authority of my office.

[*Later:*]

Mr. R. W. Prittie (Burnaby-Richmond): I have a question for the Secretary of State, supplementary to one asked by the hon. member for Saskatoon concerning a report by Gordon Sheppard. I should like to ask the minister, now that the report has been at least partially revealed, whether she would consider tabling the rest of it so as to give some assistance to the committee on broadcasting when they are discussing the white paper on broadcasting?

Hon. Judy V. LaMarsh (Secretary of State): This report concerns cultural affairs in the government generally. It has been sent to all agencies for consideration, but no response has been received from them as yet. The fact that someone has permitted this to be published without having authority to do so, notwithstanding the fact that the author has been paid, and the fact that there is a contract which gives ownership of the report to the government does not mean that the government will change its mind and hand the report to the committee before the government has had full opportunity to consider the report.

PUBLIC SERVICE

PENSION INCREASES—REQUEST FOR EARLY ENLARGEMENT OF COMMITTEE TERMS OF REFERENCE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the President of the Treasury Board? In view of the minister's personal commitment to bring before the house a motion enlarging the terms of reference of the joint committee on the public service so that we might discuss the question of the pensions of retired civil servants, could that matter be attended to before we rise for the Christmas recess?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, I should like to congratulate this particular committee on how it is proceeding with the very important legislation before it. I can assure the hon. member that I will continue my battle to see that the matter to which he has referred is brought before the committee.

Mr. Knowles: A supplementary question, Mr. Speaker. Is the minister aware that at least two of us in the committee have committed ourselves not to debate this motion in the house? In the light of that, will he bring it on soon?

Mr. Benson: Mr. Speaker, I cannot answer with respect to commitments of hon. members; I can merely carry out what I have indicated I will try to carry out.

Mr. David Lewis (York South): A supplementary question, Mr. Speaker. I think the house would be interested in knowing who the minister is battling to get this motion before the house. He said he would continue his battle. I would be very interested to know with whom.

Mr. Pearson: The opposition.

Mr. Benson: It is mainly a battle with the opposition, but time is involved.

Mr. Speaker: Order, please. The minister would have to battle with the Chair to answer the question.

CRIMINAL CODE

SUGGESTED AMENDMENT TO REDUCE HIGHWAYS DEATH TOLL

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I wish to address a question to the Minister of Justice. Having in mind the announcement over the week end by the Dominion Bureau of Statistics that there has been a 21 per cent increase in the death toll of Canadians in traffic accidents on our roads, will the minister give consideration to an early introduction of amendments to the Criminal Code aimed at reducing this death toll, which is now up to 588 a month?

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, as part of the general Criminal Code amendment program, particular consideration is being given to the problem of impaired driving with a view to reducing the serious hazard to life from this cause. No final decision has yet been reached. Of course the hon. member realizes that there are other aspects to the problem which must be taken into account.

The hon. member will also appreciate that a total or complete solution to the problem of traffic deaths in Canada does not lie within the realm of federal jurisdiction alone; but to the extent that we do have responsibility in this matter, every possible consideration is being given to the problem.

Inquiries of the Ministry

FINANCE

REQUEST FOR REVIEW OF DECISION RESPECTING 3 PER CENT PERPETUAL BONDS

On the orders of the day:

Mr. Lawrence Watson (Assiniboia): Mr. Speaker, I had intended to address my question to the Minister of Finance. In his absence, I would direct it to the Prime Minister. With the confidence of a large number of investors being replaced by a feeling of distrust of finance companies today, and in view of the uncertainty and resentment on the part of holders of Dominion of Canada 3 per cent perpetual bonds issued in 1936, will the minister review his decision and redeem this issue? It seems very unfair that the government should exercise an option in a manner that is so detrimental to such a large number of Canadians who invested in these bonds in 1936.

Mr. Speaker: Order, please. I am sure the hon. member will appreciate that his question goes beyond the normal limits of a question. It was put more in the form of a representation, which I am sure the minister will take into consideration.

EXTERNAL AFFAIRS

MAINLAND CHINA—REFUSAL OF ENTRY TO CONSUL GENERAL IN HONG KONG

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. In view of the fact that the government has recently been extending an olive branch to the People's Republic of China, can the minister offer any explanation as to why the Peking government has reportedly so abruptly snapped off the olive branch by refusing the Canadian Consul General in Hong Kong permission to visit the Peoples' Republic of China?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I cannot give the answer. Of course, this is not the first time this has happened, but I would not think there was any necessary relation between the event and the fact referred to by my hon. friend.

TRANSPORT

REQUEST THAT APPLICATIONS FOR ABANDONMENT BE HEARD BY NEW BOARD

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): I have a question for the Minister of Transport.

[Mr. Cardin.]

In view of the continuing uncertainty, could the minister assure the house that all applications for the abandonment of unprotected lines in western Canada will be processed under the provisions of the new act and the new board rather than the old act and the old board, as is the case with the current data being assembled by the Board of Transport Commissioners?

Hon. J. W. Pickersgill (Minister of Transport): I think the hon. member could do more than I to achieve that objective. No one can abide by a law which has not yet been passed.

Mr. Dinsdale: I have a supplementary question. The minister referred to an ambiguous reply the other day. I think the same can be said of his reply today. Will the processing of branch line abandonments be done under the terms of the new act when it is passed?

Mr. Pickersgill: Sir, I think it would be a very useful subject for debate in about three quarters of an hour.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): The minister is usually very helpful in his answers. This is a matter which affects many towns and villages in western Canada. Apparently the railway companies, or one of them, is proceeding as though parliament did not intend to act. In view of this, will the minister not make representations to the railway companies to desist from their actions in giving public notice of the probable closure of railway lines, until this legislation is passed? Surely a representation like that, coming from one with the authority and prestige of the minister, would have some influence on the railway companies.

Mr. Pickersgill: I think the right hon. gentleman, with his many other responsibilities, failed to read the answer I gave to the hon. member for Assiniboia. My answer last Friday was quite clear and precise, namely that the chairman of the Board of Transport Commissioners had assured me that none of these applications would be heard while the legislation was before parliament.

I think the question of what will be done when something else is done is a hypothetical one which it might be appropriate to consider when we are debating the legislation but about which I could not possibly be expected to give a categorical answer on orders of the day, even when asked for in such a conciliatory way by the right hon. gentleman.

Mr. Diefenbaker: Apparently even the minister's unambiguous answer on Friday was

completely misunderstood. Did the minister receive a telegram from Fred Tully, executive secretary of the Branch Lines Association of Manitoba? After having read the clear statement, which the minister describes his statement as having been, I am still very gravely in doubt as to what it actually meant.

Mr. Pickersgill: I do not know whether I received another telegram. I answered one on Saturday by letter. Evidently the hon. gentleman's mail deliveries are more rapid than mine.

Mr. Dinsdale: Can the minister make a very short reply to a very unambiguous question? Is the Board of Transport Commissioners still gathering data with a view to processing railway line abandonments?

Mr. Pickersgill: I expect so, but the method by which the hearings will be held has not yet been determined.

THE SENATE

CONSIDERATION OF FRENCH-ACADIAN ASPECT IN APPOINTMENT FROM NOVA SCOTIA

On the orders of the day:

Mr. Speaker: The hon. member for Shelburne-Yarmouth-Clare has been waiting very patiently and now he may have the floor.

Mr. J. O. Bower (Shelburne-Yarmouth-Clare): My question is directed to the Prime Minister. Although he has apparently indefinitely postponed making the appointment to the other place of the representative from Nova Scotia, I should like to ask him whether he intends still to give predominance to the French Acadian fact in making this appointment?

Mr. Speaker: Order, please. I do not think that the question can be asked at this time, although if the hon. member feels that it is a matter of grave urgency he has a remedy; he might discuss it at ten o'clock.

WINTER WORKS

REQUEST FOR STATEMENT AS TO CONTINUITY OF PROGRAM

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): I have a question for the Minister of Manpower and Immigration, but in his absence perhaps his parliamentary secretary can take it as notice. There is an impression among the municipalities that this is the last winter in which the municipal winter works program will apply. Could the minister make a statement in the near future denying this, so as to allay the fears of the municipalities and assist them in their preparations for next year's budget?

Hon. J. R. Nicholson (Minister of Labour): As acting minister, I will bring these representations to the attention of the Minister of Manpower and Immigration.

FISHERIES

REQUEST FOR EARLY PROCLAMATION OF BASE LINES

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, before orders of the day are called I should like to direct a question to the Secretary of State for External Affairs and ask him whether he will be in a position to fulfil his commitment that the straight base lines will be proclaimed before the end of the year?

Hon. Paul Martin (Secretary of State for External Affairs): I doubt that I could assure my hon. friend that they will be proclaimed before the end of the year.

OLD AGE SECURITY ACT AMENDMENT

PROVISION OF GUARANTEED INCOME SUPPLEMENTS AND DETERMINATION OF PENSIONERS' INCOMES

The house resumed from Friday, December 16, consideration in committee of Bill No. C-251, to amend the Old Age Security Act—Mr. MacEachen—Mr. Batten in the chair.

On clause 3.

The Chairman: Order, please. When the committee rose on Friday, December 16, an amendment to clause 3 proposed by the hon. member for Winnipeg North Centre was under consideration. The amendment reads as follows:

> That clause 3 of Bill C-251 be amended by deleting from sub-section (1) of the new section 8 being enacted thereby, the words "minus one dollar for each two full dollars of his monthly base income, being one-twelfth of his income for the preceding year", as found in lines 1, 2, and 3 on page 3 of the bill.

The question is on the amendment. Is the committee ready for the question?

Mr. Rynard: Mr. Chairman, I have a few words to say about the amendment. First of all, I should like to say that there is a growing tendency in the government for interdepartmental snooping. When I first came to the

house it was a recognized fact, as I understood it, that no one was permitted to look into the returns of the Department of National Revenue.

• (4:20 p.m.)

No information was given out. Next, we had the social security number, and the suspicion grew that this was the opening of the door for snooping. Then, along came the Canada Pension Plan Act and the suspicion grew that it was necessary to have interdepartmental communication, it became a fact. Now, the government has gone a step farther. There must be communication between the officials administering old age security, or the guaranteed income, and the Department of National Revenue. If this trend continues, and the Minister of National Health and Welfare has to agree with it, we shall become completely state controlled in the too distant future. There will be no private life, everybody's business will be public knowledge. This, I say, is a downward path and is certainly invading privacy as it has never been invaded before.

Another thing bothering me, and this was brought out by the Minister of Transport, is that the old people will be paid 2 per cent extra for the rising cost of living per year or $1.50 per year. That is completely wrong on principle because everybody knows that food costs last year went up by 10 per cent and rents by 10 to 20 per cent. Giving them only 2 per cent or $1.50 is a disgraceful way to use our older people.

It means, Mr. Chairman, that in 1975 that 2 per cent base will remain the same over the year. One only has to think back to 1935 and compare the dollar of that day with the dollar of today to realize that that dollar only has one third of the value of the 1966 dollar. I am sure that can be verified by asking the Minister of Public Works who sat in the government at that time, I believe as secretary to the minister of trade and commerce. In one year alone, recently, inflation increased by 15 per cent. How, in all sincerity, can we ask the old people to accept 2 per cent, when many of them cannot work to help themselves. If they do work, they will be penalized. The minister will not grant them any benefit even though they earn low wages.

Another point bothers me, and if my arithmetic is not correct I ask the minister to look into it. The Minister of Transport the other night stated in the house that only 1 per cent of income tax returns needed checking, and that less than 1 per cent of the old people of this country would put in false returns. The Minister of Health and Welfare also said in the house that on the average, 900,000 old people get $22 per month. If you take 1 per cent of that number you get 9,000 who might make false returns. If that is not correct, will the minister say so?

Mr. MacEachen: Mr. Chairman, the $22 figure I mentioned was the average supplementation paid by provincial governments to recipients of old age security. This is the average benefit they received.

Mr. Rynard: Then, Mr. Chairman, I shall not have to adjust my figures. Taking the figure at $22, and bearing in mind that 9,000 people will be dishonest—

Mr. Pickersgill: I am sure the hon. gentleman will permit me to say a word.

Mr. Rynard: On a point of order?

Mr. Pickersgill: No, not on a point of order. I am sure the hon. gentleman did not want to take what I said in a figurative way as literal. He knows, as well as I know, that we cannot be certain how many old people will make mistakes. We do not know how many people will make false returns. All I was trying to say, in an exaggerated way, was that I believed most of my fellow citizens are honest, just as the hon. gentleman believes that.

Mr. Rynard: Perhaps I was hewing to the line too closely, but I was just repeating the statement of the minister. If the minister was a trifle overgenerous in what he said perhaps he might be forgiven around Christmas time. At any rate, taking 1 per cent of the people, or 9,000 pensioners, the total cost comes to $2,367,000. Let me explain that.

You will have to pay snoopers to snoop —because this is snooping—into the private affairs of people who have always minded their own business. Some of these people had not much education. They had not the same chances as the Minister of National Health and Welfare or the Minister of Transport to obtain an education, many of them not attaining more than a grade 3 education. At today's wage levels the 400 full time civil servants at $7,000 each, needed to carry out investigations will cost $2,800,000. That figure does not provide for offices, cars or incidental expenses. Right there, we have a figure greater than that involved in the 1 per cent the Minister of Transport cited.

• (4:30 p.m.)

Let us go farther and take into account the 675 part time workers. If I understood the Minister of National Health and Welfare correctly, he said most of them would be employed at income tax time. I may be wrong, and if I am I hope I shall be told I am wrong. My opinion is that unless there is some collusion between the income tax department and the minister's department, these 675 employees will work a minimum of nine months in the year, because, as I read the relevant clause, applications must be in by the first day of October. If the part time workers are paid, say, $3,500 a year the cost would be $2,362,000. If my figures are correct, here you have an expenditure of $5,162,000 to bring about a check on overpayment of $2,367,000. Is something not wrong? Does this not show the minister that Parkinson's law will be in operation? We shall be getting more and more bureaucracy and building an empire at the expense of the poor old age pensioner. I resent this. I think the old age pensioner is getting a beating.

He is getting it on the 2 per cent increase in the cost of living which we have found over the years is much greater than that, and now we are beating the taxpayers of this country. Tonight we are to have a mini-budget, when all that was required was a little saving in departments which have spent so much money. Instead, the minister is coming here to tell us: we had to make these tax increases for the old age pensioners. But will he tell the house that the government is proposing to employ civil servants at a cost of over $5 million, not counting their cars and incidental expenses to save $2,367,000.

I hope I am not being too critical, but this is something which bothers me as a Canadian and as a member of this house, that we should just be doing these things carelessly while pretending they are being done for the benefit of poorer persons. Talk about a guaranteed income. This is just a poverty income. We are treating the old people of this country unjustly.

In many parts of Canada it costs between $125 and $150 a month to enable a single person to live. We are to employ a group of civil servants to administer this plan, yet the people who need the money have to resort to the Canada Assistance Plan for help. The government should have raised the pension to $100, fair and square, and then allowed the Canada Assistance Plan to operate through the provinces in cases of need. Instead, we have another group of civil servants imposed on the taxpayers and on the old people of this country. That is my criticism of this clause.

Mr. Diefenbaker: I do not wish to speak at length. I want to point out there are certain questions which the minister has left unanswered—questions which we asked earlier and to which no reply has been made. We are anxious to co-operate during the passage of this legislation, but we have a right to hear the answers to the questions which have been asked. I have in mind particularly a subject which has not been dealt with by the minister at all, that is, the way in which this bill in general, applying as it does a means test, will be applied in the province of Quebec. What are the plans in this regard?

The setting up of a separate scheme in the province of Quebec would mean the presence of two systems in Canada. Will this means test which is contemplated by the government apply in the province of Quebec in the event legislation is passed in that province? I see the Postmaster General is saying something. I do not know whether he is giving some information to the minister or not, but if he is I would be happy to have that information. Suppose the province of Quebec were to pass its own legislation,—and under section 94A it has that jurisdiction—how is this means test to be applied in that province? Any province which chooses to bring in legislation in this field would constitutionally have the right to do so. Certainly this was the view taken by Mr. Mackenzie King. I could deal at length with what he had to say in 1942 and 1943. His view was that the provinces had exclusive jurisdiction in this area. That jurisdiction has not been taken away by the agreement which was made between the federal government and the provinces when the amendment to which I referred some time ago, was passed. I want the minister to explain to us whether, if the province of Quebec passes legislation which does not contain a means test—call it what you will, an income test, a poverty test—this section will apply in the province of Quebec.

Will the legislature of that province, when it brings in such legislation, be able to secure a grant or a subsidy from the federal government to the extent that is required to provide the additional payment under this legislation? The minister has not dealt with this point at all. He felt the other day, no doubt, that this problem would be solved by the efflux of time.

It has not solved itself in that way. The minister suavely smiles. He believes that is a substitute for information. But we cannot accept it as such, greatly though we appreciate being the recipients. We want to know how this scheme is going to work.

Let us place an example before the minister. The legislature of Quebec brings in legislation providing for a pension of $75 a month. As far as the initial amount is concerned, does the government of Canada intend to follow the course it has followed in other fields and make a subsidy available? If the legislation in the province of Quebec provides for a pension of $105, with a means test in respect to the extra $30, what will the government of Canada do? Will it pay to the province of Quebec a subsidy to cover the $30? The minister is bound to answer that question.

A moment ago there was a suggestion that this aspect might be ignored. It cannot be. The parliamentary secretary is a man of unusual capacity for language. I should like to hear him on this subject, because he must have given ad hoc consideration to the question. How will this means test be applied when the legislature of Quebec carries out the undertaking which was given in the speech from the throne? That is the first question, and it is one which must be answered.

We do not intend to end this debate before we get this information. We can conclude it quickly after consideration has been given to the amendment now before us, provided we are given this information. But we do not intend to give a blank cheque to the minister to spread around in whatever way he can manage through a diplomatic approach to any province.

• (4:40 p.m.)

We believe Quebec or any province has the right to enter the field of old age pensions. But when a province does so, what are the arrangements the minister contemplates bringing into effect in order to assure the operation of the plan?

I do not want to repeat what has already been said about this section, but it is a strange commentary on a government that when people, who invested in insurance companies and the like, could possibly have been forestalled in their wrongdoing, the government took the stand that the national revenue act prevented any revelations regarding income tax. That was a declaration based on the law. Why change it when the old people of this nation are involved? Why place them in a position where the government will apply to them something it will not apply to those who are strong and powerful?

A moment ago the hon. member for Simcoe East said that we started on the downward path with the social security number. I was opposed to that security numbering. I did not want to be numbered. I have never taken out a security number because it can only be excused as being a step along the way to an autocratic state. I am one of those who have never taken the number. I have not got one, and the minister is in the same position.

Mr. MacEachen: No.

Mr. Diefenbaker: Oh, he is numbered.

Mr. MacEachen: You haven't got my number.

Mr. Diefenbaker: If you don't give that $25 million to Cape Breton your number will be up. Anyway, no matter what hon. members say, the old people of this nation are going to be subjected to examination by Peeping Toms who are going to do that which snoopers are always desirous of doing, namely, examining the income of other people. What will be the result? I have had many letters on this subject. I am sure hon. members supporting the government have had their share of letters condemning this plan. The Minister of Public Works indicates in the negative. Will none here in Ottawa be affected?

Mr. McIlraith: Mr. Chairman, I was not indicating anything about the right hon. gentleman's remarks. I was quite preoccupied with something else.

Mr. Diefenbaker: The hon. gentleman is always preoccupied with something else. He was shaking his head in a negative way and sitting by himself. Maybe he was holding a cabinet meeting with himself. I took it that he was indicating he had not received such letters, but it seems he was in private consultation with himself.

I have before me a memo sent me by a person who, through the years, denied herself little trips, denied herself those luxuries that provident and prudent people allow themselves. Now, she finds herself in a position where, because she deprived herself, she is going to be denied any additional pension, even though she cannot live on $75 a month.

The attitude taken by my parents, and I am sure it was a view shared by the parents of most of us, was that under no circumstances should there be anything taken from the state.

That was the general philosophy that built this country. Now, here is a lady who says, "I have pinched my pennies over the years to have a little set by for the time I achieved old age, and now I am going to be denied. My income will be about $5 more than the maximum fixed, and therefore I am to receive nothing."

She points out, without criticism, that people who came to Canada within the last 12 years, who did not contribute a lifetime of effort to this country, will be entitled to the additional amount of pension. She spent a lifetime doing her bit to build this nation, but she is denied the extra amount. That shows the unfairness of the plan. She has gone on to say, "To subject our old folks to a means test is degrading and I know many who would rather starve than go through it."

The government is dividing our senior citizens over 69 years into two groups, the haves and the have-nots. You can imagine pensioners meeting each other and asking each other, "Are you going to get it? Are you a have, or are you a have-not? " This thing is all wrong. The government is bringing into effect the widest possible snooper legislation ever placed on our statute books.

I looked at the provision in the previous act, and it was the pathway to the highway of today. Surely, the government doesn't need this power. Surely it does not want to tramp on the right of a Canadian, a right that should be upheld at all costs, not to have his income tax returns examined for the purpose of ascertaining that the statements he made were the truth.

The government did not do that with the insurance company when it was going into bankruptcy. Today the Minister of Finance wrapped himself up in the garments of legalized purity and said, "We could not do that." Some 20,000 shareholders got cheated because of a government that did not act. Now, the old age pensioners are to be treated as second class citizens in order to qualify for the $30, or any portion of it.

The Liberal party used to stand for freedom for the individual. That was prior to 1940. Since then its members have followed another course. Since then they have developed the philosophy that, "After all, it does not really matter so long as it is efficient". Just yesterday I read the interesting memoirs of Chubby Power. I doubt if the hon. member for Verdun paid attention to the same section that I did, and which I found very interesting. I found his revelations regarding the conscription issue very helpful to an understanding of what happened.

I just interpolate at this point that the Minister of Finance, who tonight will bring in the mini-budget to tax us although there is $400 million already on hand in the old age pension account, must have studied under the late hon. C. D. Howe.

• (4:50 p.m.)

We have a government with a bureaucratic mentality—efficiency rather than freedom; get it over. Let them snooze. Chubby Power was considering whether he would become a candidate in 1948 for the Liberal leadership. It is interesting that he was approached by Sir James Dunn of Algoma Steel to become a candidate. He said:

> I stated further that the only thing that might induce me to accept the nomination would be if Howe were to be the directing force behind St. Laurent. In that event there would be no change for the better in party politics, as Howe had consistently disregarded parliamentary procedure, and apparently did not believe in a government responsible to the people through their representatives. Actually he favoured government by boards, committees, crown companies, and commissions, all headed or controlled by the same person: Howe.

Now, the Minister of Finance is an understudy. His attitude with regard to a powerful corporation engaged in skinning prospective investors is that you do not have their income tax returns looked into. But, when it comes to the old age pensioners, the bureaucratic mind comes to the fore, and we are asked to pass this legislation. I know, Mr. Chairman, that in your own province of Newfoundland that legislation would not go through, but we in parliament are asked to say to the government of Canada, "Here is a ticket for snoopers". What a field day it is going to be.

I have said enough to indicate that I am opposed to this clause. If there should be any misunderstanding, I wish to make that clear. Here we have a legion of Liberals who have come in during the last while to be ready for the vote and to be here to stand up for the principles of Liberalism. This clause is the embodiment of the tyrannical dictum to "line them up". Surely, you are not going to do that. You cannot get away with the explanation that you are doing it for their own good. You are doing it because so many in this government are former civil servants. You admit that only less that one per cent, under any circumstance will endeavour to mislead for the few dollars you anticipate might be saved by this procedure. I ask this house not to vote down the amendment which has been moved, but to support it.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Knowles) negatived: yeas 31; nays 62.

Mr. Fulton: Mr. Chairman, before you dispose of this proposed section in clause 3 of the bill, and before we leave it, I should like to point out an apparent complete inconsistency which further supports the argument made by those who were opposing the inclusion of subparagraph (a). I should like to ask the minister whether he does not think this whole proposed section should be taken back for reconsideration and redrafting. The inconsistency I should like to point out arises when you look at subsection 4 of section 17 in clause 3 of the bill. You will note that subsection 4 provides:

> Notwithstanding any other act or law, no officer or employee of Her Majesty shall be required, in connection with any legal proceedings, to give evidence relating to any information that is privileged under subsection (1)—

Now, what is the situation that we find here? We find that the minister is asking parliament to enact that in the courts of the land—and it is in the courts that the rights and obligations of citizens should be determined—no officer or employee shall give a breath of information, notwithstanding anything in any other act. In other words it will not be right to demand of the public service that they disclose information; that is the principle asserted here. And this is the same minister who in respect of the preceding proposed subsection, said that public servants within the government may pass confidential information back and forth between one another, at will, it order that privately, behind closed doors, they may determine the rights and obligations of citizens.

That is the situation. How can the minister, who says in respect of proposed subsection 3 that this confidential information can be passed back and forth behind the backs of the people, then say in respect of the next subsection that with regard to legal proceedings in Her Majesty's courts of Canada—in which courts by our tradition the rights and obligations of our citizens are determined—this information which they are so ready and so willing to make available to everyone for purposes of private snooping, cannot be produced?

[Mr. Diefenbaker.]

• (5:00 p.m.)

How can the minister square these two completely irreconcilable and different principles? Unless and until he does, the whole new section should be opposed and should be sent back for redrafting.

I have some reservations as to whether or not this kind of information should be immune from production in court where one has the protection of the judge and the rules of evidence. These safeguards would make it certain that the information was not frivolously or improperly sought or produced. There may be some argument, however, that even under those circumstances it should not be produced. I would have to hear such argument, and think a good deal about it, before I would be convinced of the soundness of that proposition. But I have no doubt whatsoever about the complete inconsistency here between subsection (3) and subsection (4). This inconsistency makes the whole proposition intolerable and unacceptable. Has the minister no explanation? Has he nothing to say about the courts? Does he not care about the position of the courts in this regard?

Mr. MacEachen: Mr. Chairman, subsection (4) is intended to remove a situation which has prevailed in the past. If the hon. member will turn to page 12 of the bill he will see that section 9 subsection (1) (d) provides that a person who discloses or communicates any information or evidence obtained under the act or the regulations, unless the disclosure or communication is necessary for the administration of the act or is required by law is guilty of an offence. In other words, members of the department who have received information under the Old Age Security Act for the purposes of administering the act are not entitled to disclose that information. On a number of occasions, one of the points at issue has been the whereabouts or location of individuals. Naturally there is a great deal of information available to the department in respect of the whereabouts of individuals who are receiving old age security or family allowance. Individuals write to the department asking us to indicate where such a person is. The attitude taken by the department is that this information cannot be disclosed.

Apparently officers of the department have been asked to go to court as witnesses and have by court order been obliged to disclose to the court the whereabouts of persons as derived from information which they have obtained for the purposes of administering the act. They have naturally been placed in a

position of conflict because, on the one hand, the act says they cannot disclose that information, yet on the other hand the court orders them to do so. It is for purposes of clarifying that situation that section 17(4) is included.

Mr. Fulton: Mr. Chairman, the subsection goes far beyond what the minister has just said. There may be a type of case in respect of which information obtained as a result of a return under this act should not be subject to production in court. That does not mean that the whole area should be blanketed by one provision. That is the first inadequacy of the minister's explanation. The second is his complete failure to reconcile what I point out again is a most blatant discrepancy.

The minister would have parliament say on the one hand that not one tittle of information will be given to a court, no matter what the prejudices may be to an individual whose rights and obligations are on trial in that court, even though these individuals would be subject to the safeguards of the rules of evidence and the protection of the judge. In spite of that not one scintilla of information could be given to the courts to determine those rights. On the other hand, by the immediately preceding subsection, everything in a return can be made available as between departments for a secret determination, behind closed doors, of the rights and obligations and position of persons concerned. It is that irreconcilable difference that the minister has completely failed to explain.

Mr. MacEachen: Mr. Chairman, it seems to me that because of the argument adopted by the hon. member for Kamloops he places himself in a contradictory position. He is objecting to the fact that the Department of National Health and Welfare may ask the Department of National Revenue to match certain income information which they have received. We are not asking for authority to examine income tax returns and no official of the Department of National Health and Welfare will ever see the income tax returns.

Mr. Fulton: Mr. Chairman, that is contrary to the terms of the provision we have just been discussing.

Mr. MacEachen: All that is being sought is authority to permit the Minister of National Revenue to match information in respect of income. The procedure to be followed is simply one of a request to the department to match information we have received. It is not proposed that officials of my department will ever see the income tax returns.

Mr. Fulton: May I just say to the minister—

Mr. MacEachen: The hon. member for Kamloops is objecting to this very limited exchange of information between two departments, and he is now objecting to the fact that we are preventing officials from giving the courts information that we regard as privileged. This is a contradictory position, because the purpose of this subsection is to protect officials from giving information which the law prohibits them from giving by a literal understanding of the law.

Mr. Fulton: That is my objection. The minister need not worry about my position because there is no contradiction in it. There is a contradiction in his own position which he deliberately refuses to admit. He has now let the cat out of the bag. He has said that subsection (4) is to protect the officers of his department. That is what the minister just said.

Mr. MacEachen: I said it was to protect the officials from being placed in a position of conflict.

Mr. Fulton: I think I heard the minister correctly. He just told us, by his own words, that subsection (4) is to protect his officials, not citizens, and protect them from the courts.

Mr. MacEachen: To protect them from disclosing—

Mr. Fulton: That is who the minister is protecting.

Mr. MacEachen: —information that they are not entitled to disclose.

Mr. Fulton: He is protecting them from liability to an order of a court requiring them to give information. Surely, one place where information should be acceptable is in a properly constituted legal proceeding, because this is the proper method of determining the rights and obligations of the people. The minister has just told us that subsection (4) is included to protect officials from orders of the courts. That is a strange concern on the part of a minister of government, in view of the fact that the same concern is deliberately withheld from citizen taxpayers.

• (5:10 p.m.)

Mr. MacEachen: Mr. Chairman, may I ask the hon. member a question?

Mr. Fulton: Perhaps I could finish, and I will be only a moment, exposing the extent of the minister's contradiction and the callous

attitude of this bill. There is not contradiction in my position. I have said that, with some reservations, I think the provisions of subsection (4) are perhaps wrong. I have also just finished voting for the deletion of subsection (3), which I think is totally wrong. I ask the minister how he can justify the retention of subsection (3), which gives his department the right to obtain complete disclosure of all income tax material? This information can now be completely disclosed as between officials; his officials can rush in and snoop around the documents in the other department; or if they are in a hurry they can ask; "Can you give us complete information about the income tax return of so-and-so?" There is absolutely no protection of the taxpayer there.

The minister says that kind of disclosure is confined to very limited matters relating only to income and the source of income. This is not the case at all. The minister has not read the section. I ask him to read it with me. Subsection (a) says:

—the Minister of National Revenue or any person designated by him for the purpose may, upon the request of the minister—

That is the Minister of National Health and Welfare sitting opposite; our colleague in this committee.

—furnish to the minister or to any officer or employee in the Department of National Health and Welfare designated by the minister for the purpose, any information obtained pursuant to any other act—

That includes the Income Tax Act.

—relating to the income or income from a particular source or sources of an applicant—

That refers to the applicant, but it is not confined to him.

—or beneficiary or the spouse of such applicant or beneficiary—

So, it applies to the spouse or beneficiary of such applicant. But note this:

—or otherwise relating to any such applicant, beneficiary or spouse, for any purpose relating to the administration of this act;—

Where in those words can the minister find the restrictive qualification about which he spoke? This subsection refers to actual income or sources of income—

Mr. MacEachen: What I said is stated there clearly.

Mr. Fulton: I direct the minister's attention, again, specifically to the words which I quoted last, from lines 2 to 5 at the top of page 10. I am sorry if his deputy minister did not bring this to his attention, but the words are there. The information covered is not just concerned with the income of the applicant, his spouse or beneficiary; it is information "otherwise relating to any such applicant". It covers any information about the applicant contained in the return; such information can be disclosed to the minister or any official of his department.

Mr. MacEachen: Does not that relate back to income?

Mr. Fulton: Certainly not; not in my view nor in the view of my colleagues who are learned in the law. But, Mr. Chairman, let us not make too much of the point of how narrowly this information is restricted. In my view, it refers to information relating to anything covered in the return. All such information can be revealed. But the important point is that there is no protection of the taxpayer or the old age pensioner. The only protection afforded by this provision as proposed is protection of officials. Protection against what? Protection against an order of a court; an order which would in any event require that to give information for this purpose it must be established to be logical, legal, lawful and reasonable. What a use of the word "protection".

Apparently our words fall upon deaf ears, because the principles of Liberalism are now foreign to hon. gentlemen opposite. But those are the facts. This is a most ill-Liberal, inconsistent and repulsive section, and the whole thing should be defeated. It should be taken back, redrawn, scrapped and started all over again.

Mr. MacEachen: Mr. Chairman, I merely wish to make one point in reply to what has been said by the hon. member for Kamloops. The point is simply that no information received by an official can be given out, either in court or outside of court, except with respect to the administration of this act. That is the point. The purpose, of course, is to protect the citizen.

Mr. Diefenbaker: How does that protect the citizen?

Mr. MacEachen: It protects the citizen in the sense that information received in respect of the administration of the act could be given out freely in the absence of this section, and has been given out in court even though it was information acquired in connection with the act and not asked for in connection with the act. The purpose—and I am not arguing

with hon. gentlemen; I really want to make the point—is that no information, in accordance with this section, can be given either in court or outside of court unless it is information in connection with the administration of the act. If that is a bad feature, then hon. gentlemen can defeat it.

Mr. Baldwin: The enforcement of the act, too.

Mr. Aiken: Mr. Chairman, there is another point that disturbs me in connection with the section we have just been discussing. It is the fact that not only is the return of the applicant or beneficiary involved, but also his spouse or any other person whose return relates to such applicant or beneficiary or spouse. I maintain that this provision extends the permission to examine information in other persons' returns far beyond what has ever been allowed in other acts. This subsection is worded in a very broad manner, and the wording is:

> —relating to the income or income from a particular source or sources of an applicant or beneficiary or the spouse of such applicant or beneficiary or otherwise relating to any such applicant, beneficiary or spouse, for any purpose relating to the administration of this act;—

As I read this subsection, it would permit information to be given from the income tax returns of a spouse of the applicant where there may be no relationship between them financially or they may not even be living together.

Mr. MacEachen: Would the hon. gentleman not consider that the final phrase, "for any purpose relating to the administration of this act", limits the purpose and extent of the information?

Mr. Aiken: How do you know whether it is going to relate to the act until you have looked at it? After you have looked at it, what difference does it make, because the information has been revealed?

Mr. MacEachen: The Minister of National Revenue would not be permitted to give any other information.

Mr. Aiken: This provision says, "otherwise relating to any such applicant, beneficiary or spouse", which would cover any employer or employee of the applicant, his landlord, or his tenant if he were a landlord; it would cover the returns of any person with whom such individual had had any financial relations. The minister says it is purely for the purpose of this act. Those words are there. But what happens when a person tries to establish in court his right to a supplement? The department has information which he cannot get.

Mr. MacEachen: Oh, yes. If it is an action in court with respect to this act, then of course this information could be produced.

Mr. Knowles: The lawyers are confusing one another terribly.

• (5:20 p.m.)

Mr. Aiken: If that is related to this amendment I ask then how can the returns of the landlord, tenant, employer or employee of an applicant be brought before the court when the applicant himself cannot get this information? The department has knowledge which the applicant himself cannot get. For example, he cannot find out whether his landlord, tenant, employer or employee has filed a return which is consistent with what he knows or believes. Therefore, he has no way of preparing himself for his application, and yet this information is in the hands of the department.

This is where I believe the provision goes far beyond what we expected in permitting the return of the applicant to be revealed to various people. Unless I have misread the clause, it states that the return of a person relating to the applicant, a beneficiary or spouse, can be examined for the purpose of this act to find out what the financial relationship is. The minister says that this is done only for the purpose of this act. This may be true, but if this information relates in any way to the individuals involved, the departmental officials can say "we have to find out something about this man's wife and what she is earning so we will have to look at her employer's return".

This is what I am objecting to. I would like the minister to say whether I am wrong in assuming that these people are liable to have their income tax returns examined. For example, if I were employing someone who had applied for the supplement to the old age security pension could I assume that the Department of National Health and Welfare could go to the income tax people and say "I want to see what is being paid to this employee so may we have information on the employer's income tax return"? It will not be enough to obtain information regarding one person only. We want to know the whole payment rate because we want to see whether it is reasonable and consistent."

I would hate to see this provision used to have my income tax returns hauled out of a

file in the Income Tax Department and information contained in them provided to the Department of National Health and Welfare. I would like to be certain as to what information would be provided. The minister says that this will be done only for the purpose of this act. Can he tell us where the line will be drawn and what extracts can be taken out?

Will only information regarding one person be supplied or will the whole employment record be turned over? Who is to make the decision? I wonder how much information will be revealed for the purpose of this act.

As the hon. member for Simcoe East has said, this is an extension of the provision. We made objections to the cross-checking of information under other acts. This bill seems to go much further than other acts and it is expanded to include other persons than the applicant himself.

Mr. MacEachen: Mr. Chairman, all that the Department of National Health and Welfare will want to do is to cross-check the information of the Department of National Revenue. The most likely procedure to be followed would be for the officials in the Department of National Health and Welfare to ask the Department of National Revenue to tell them whether the information which they have is correct and whether it matches with information which that department has. Sometimes mistakes are made. We do not intend to have any income tax forms in our department and we do not intend to have any employees of the Department of National Health and Welfare looking at these forms.

All we want to do is to verify the information provided to us with respect to information which is available on income tax returns. The other day we were told by the hon. member for Winnipeg South Centre that information with respect to a pensioner who does not file income tax may be available on his employer's form. This is all we have in mind in this proposal with respect to the purposes of this act. This is all that is involved here.

Mr. Aiken: May I ask the minister whether anyone from his department will be located in the income tax branch to examine and extract information from the income tax returns?

Mr. MacEachen: No, Mr. Chairman, this is not the proposed procedure. According to the proposed procedure we will ask the Department of National Revenue to tell us whether such and such information is accurate by way of an exchange of correspondence.

Mr. Knowles: What is the difference?

[Mr. Aiken.]

Mr. MacEachen: The difference is that employees of the Department of National Health and Welfare will not be examining income tax returns in the Department of National Revenue. All that the Department of National Health and Welfare will have is limited information with respect to income telling us whether the information which we have is correct.

Mr. Knowles: The officials of the Department of National Revenue will be examining income tax forms for the purpose of assisting the Department of National Health and Welfare to check on the correctness of the applications. What is the difference?

Mr. MacEachen: We would agree with the editorial which appeared in this morning's *Gazette* that if the whole income tax system is offensive we should do away with it, but it does not seem to me that an additional problem is involved in permitting the same officials who are acquainted with the forms to look at them for this reason.

Mr. Barnett: Mr. Chairman, a few moments ago before the minister spoke I tried to catch your eye for the purpose of suggesting to the minister that if the bill had said what he has just finished saying, we might have avoided a rather extensive discussion both before and since the amendment moved by the hon. member for Winnipeg North Centre was voted upon. The minister has made a statement of intention concerning what he has in mind with regard to supplying certain information. In effect, the Department of National Revenue will tell his officials whether or not a statement contained in an application for the supplement is correct.

I agree that this might be reasonable under the terms of the bill, and under the system which the minister is proposing, but I submit that this is not what the bill says. We have been told many times in the house that we cannot rely upon the statements of intention given to us by the ministers while a bill is under discussion. We have to go by what the bill says. The bill says that the Department of National Revenue can disclose to officials of the Department of National Health and Welfare all the information about the income, sources etc., of people who may be applying for this supplement.

• (5:30 p.m.)

If the bill had said that when the minister and his officials get an application they think is not quite correct they could send it over to the Department of National Revenue for the

officials to see whether it is correct, then the minister could inform the applicant that the Department of National Revenue states his application is not correct and until the department is satisfied he will not qualify for the supplement, that would have been reasonable. One might accept that as a reasonable proposal within the general framework of the minister's bill.

That is not what the clause says. If the minister intends it to be that way, why does he not bring in a bill saying that? Why does he not leave out all these details of income, etc. which are to be available from the Department of National Revenue people to the Department of National Health and Welfare.

We have listened to many lectures from many ministers at various times over the years about the sacredness of the information in the hands of the Minister of National Revenue and his officials. Some of us have been sold on this idea to an extent that may prove embarrassing to this minister. Why should he unnecessarily depart from that principle? If all the minister wants is to be able to check whether an application is correct and then to be able to inform the applicant about this, why is all this necessary?

Mr. MacEachen: There is no reason to have any further information so far as the administration of this program is concerned. That is the purpose of this clause, to empower the Minister of National Revenue to supply information about the accuracy of information we get. As you will notice, minor differences of up to $24 in certain categories would not be material. And, if the Department of National Revenue says, "There is a singificant variation, or a difference here" we would write to the applicant and say, "You have made a mistake. What is wrong? Would you like to reconcile this?"

We think this is a reasonable request and that is the purpose of the clause. I do not think anything I have said is inconsistent with this authority sought in this part of the bill.

Mr. Baldwin: I have spent a great number of years representing people when the crown has exercised rights which different acts gave it. I point out to the minister that under subclause 4 there is nothing to stop the income tax return itself from being introduced as evidence. Subclause 4 reads:

> Notwithstanding any other act or law, no officer or employee of Her Majesty shall be required, in connection with any legal proceedings, to give evidence relating to any information that is privileged under subsection (1)—or to produce any statement or other writing containing any such information.

Subclause 5 goes on to say that so far as the proceedings concerned with the administration or enforcement with this act are concerned, subclause 4 does not apply. In my interpretation, if subclause 4 does not apply, then that does not apply to information with regard to various matters referred to in paragraph (a). Gone is the prohibition against producing a writing containing information. What other writing contains the information here referred to than an income tax return? This is a possibility. Granted, we hope that the right conferred by this part of the bill may not be exercised. On the other hand, taking these words in their common, ordinary interpretation, they give an officer of the department the right of being called as a witness in court and in testimony producing writing which contains the information in question. No longer shall people be covered by the cloak of protection surrounding income tax returns.

Mr. Fulton: This is what concerns me also. The protection is gone if the government is prosecuting, if it is enforcing this legislation. Then the officials can produce any information they wish, including the income tax return. But, for a private citizen seeking to establish his rights, the cloak of secrecy is on, because officials must be protected to use the ministers' words.

Mr. MacEachen: The officials of the Department of National Health and Welfare will not produce income tax returns because they will not have them.

Mr. Barnett: That is not what the act says.

Mr. Fulton: That is the point I just dealt with.

Mr. Crouse: Did I understand correctly that these provisions, are to enable the national health and welfare authorities to check with the authorities in the income tax department on applications made? Does this mean that every application, for example, will be checked with the income tax department? If that is so, surely the income tax department will require an additional number of people. Also, it seems to me that having breached the security of the Income Tax Act, primarily for the purpose of this act, there is nothing to stop the government from taking similar action in future to find out about returns being filed by citizens of Canada.

The truth is, and this is my view, that our income tax returns are no longer the confidential documents they have been in the past.

My question to the minister is this: how many of these applications will be checked? Will you take a spot check of so many applications or will you only check those which have been improperly filled in, ones you feel are attempts to make false representations to secure funds? What will your yardstick be before going to the income tax department and asking for a person's income tax return to be made available to your department so that your officials can make a comparison.

Mr. MacEachen: Mr. Chairman, we shall not ask for an income tax return to be made available to the Department of National Health and Welfare. If there is any reason to believe that a form is mistakenly filled out, then we shall ask the information to be checked. I think the normal procedure would be to conduct a sample or cross check, as recommended by the Senate committee.

Mr. Fulton: In my humble submission there is nothing in this act to limit its operations in the way the minister suggests. In paragraph (a) the Minister of National Revenue may make information available to the Department of National Health and Welfare relating to any applicant:

—beneficiary or spouse, for any purpose relating to the administration of this act—

There is nothing in that subparagraph or subsection which says that the Minister of National Health and Welfare cannot get from the Minister of National Revenue a copy of an income tax return for the purpose of making available the information that is sought. Furthermore subsection 5 says:

Subsections (1) and (4) do not apply in respect of proceedings relating to the administration or enforcement of this act.

As I said a moment ago, it is intolerable that if the department is prosecuting in proceedings relating to the enforcement of the act the information, so to speak, is home free.

• (5:40 p.m.)

Then the officials can talk to their hearts' content, but when private citizens are involved the veil of silence falls.

However, leaving that point aside, I submit that in any proceedings for the enforcement of this Act the obvious way for the minister to establish the point which the department is trying to maintain would be to produce an income tax return at variance with a return filed under this legislation. How could a court be convinced that there was documentary evidence to the contrary unless the department produced an authenticated copy of the document itself? The framing of the legislation invites the production of the return when the department is prosecuting, and there is nothing here which would limit or prohibit production in such case. If the intention is that the complete income tax return should not be shown to the minister or to his officials, but only information extracted therefrom, then in my submission the legislation does not say so. Over the course of time, it invites those developments which I have in mind whenever the department, in the process of administration on enforcement decides it will go to court and produce the evidence at its disposal.

Mr. MacEachen: I appreciate the comments which have been made by the hon. member for Kamloops. I can only repeat the statement I have made about the procedure contemplated. The Department of National Health and Welfare does not propose to have income tax returns at its disposal. Not having the advantage of a legal training that the hon. member for Kamloops and the hon. member for Peace River have enjoyed,—

Mr. Knowles: Is that an advantage?

Mr. MacEachen: —I would think that the expression "for any purpose relating to the administration of this Act" limits the information which the Minister of National Revenue could make available. He could only make available information relating to the purposes of this Act.

Mr. Fulton: Would the minister look at subclause (5) in that connection? Subclauses (1) and (4) do not apply. In other words, the limitations are removed in respect to proceedings relating to the enforcement of this Act. So, whatever restrictions there may be are lifted when it comes to administration or enforcement.

Mr. Knowles: Then what does the clause say?

Mr. Fulton: I think the proper procedure would be to request that this proposed section 17 stand while the minister considers with his officials the introduction of words in the bill which would embody the limitations which he himself has stated to be in contemplation, so that the measure may reflect the practice which he says will be followed. I suggest that consideration be given to whether one or two

of the subclauses might not be reworded so as to carry into statute law the expression of intention which the minister has given us.

Mr. MacEachen: A moment ago the hon. member for Kamloops argued that this information should be available to the courts. Now, he has changed his mind and is suggesting that it should not be. He has turned a full circle.

Mr. Fulton: Let us not move into the area of semantics. I have said only that if there are to be restrictions on disclosures, they should be complete. I have objected to limitations being placed on disclosure when a citizen who wants the information for the purpose of protecting his rights in court asks for access to it, but full right of disclosure being given to government for purposes of administration and enforcement. But it is obvious that the minister does not intend to remove the limitation in the interest of the citizen. Again, I have won the argument, though we would probably lose the vote if a vote were taken on the point.

But now, I am asking the minister to look at the other side of his own argument. He says that the complete information available in income tax returns will not be disclosed to him or his officials even for the purpose of enforcing that Act. I am asking him to write that into law, because there is nothing in the law as it now stands to prevent that happening. Indeed, the lifting of the limitation when it comes to enforcing the act invites the disclosure and production of the whole income tax file.

Mr. MacEachen: I would argue that we are limited. The Minister of National Revenue can only give information to us which is necessary for the administration of the Old Age Security Act. He cannot go beyond that. I would argue that the Income Tax Act does not permit the minister to make the form available to another department. It follows that the document would never be in our possession or in the possession of officials for the purpose of prosecution.

Mr. Baldwin: I am compelled reluctantly to disagree with the minister. Let me remind him of subclause (3) which says "notwithstanding any other act or law—". We come down to the question of enforcement. Unless countermanded in this bill, the rules of evidence are that the best evidence must be given and I have no doubt that any judge would tell an official who appeared before him and attempted to give hearsay evidence as to the contents of a document, that the document itself should be produced.

The rule is that the best evidence must be produced, and it appears to me that under certain conditions the rule would only be satisfied by the production in writing of the document on the basis of which the enforcement proceedings were begun. The minister has told us what his intentions are. In the circumstances, it would be simple to insert a subclause here to the effect that it is the intention that no income tax returns shall be available for use in court at any time. It would be a simple clause giving effect to the protestations the minister has made. This would set at rest the very real fears which have been expressed on this side of the house.

Mr. Aiken: I should like to put a direct question to the minister in connection with the administration of the act. Let us suppose that the income of an applicant is questioned. Let us suppose that the spouse of an applicant has given information concerning her income. Let us also suppose that the applicant and the spouse dispute the information which is in the possession of the investigating officer. In such a case, I would assume, the officer interviewing the applicant would say: "You say you only got $300 last year, but your employer says you got $500." The applicant says: "That is not true; I do not believe what you are telling me."

Is it not to be expected that at this point the applicant would go to his wife's employer and say: "I got this information from the man at the national health and welfare office. He has your income tax returns and he say that you paid more than I said."

• (5:50 p.m.)

What is the employer going to feel about the confidentiality of his income tax return if some person who has worked for him casually for a few weeks during summer comes to him and says, "I have been told your income tax return shows certain things. I got this from an investigating officer of the Department of National Health and Welfare, and he has the information on his file"? It seems to me there is both a legal and practical implication here, and I cannot think of anything worse respecting the confidentiality of income tax returns. This is a practical example of what could happen.

The broadness of the words proposed, "relating to any applicant, beneficiary or spouse" could extend the provision into other

areas such as the relationship between landlord and tenant, or any other financial relationship with any other person who files an income tax return. If the minister's intention is to keep the information limited within the department, then let the new section clearly say so. This is the only basis upon which we could reasonably accept the wide wording of this subsection which would appear to allow income tax information to enter the hands of any local investigating officer.

I am sure there would be no point in saying that the information will be revealed only to somebody in Ottawa, because the information will be passed to the local investigating officer, in Vancouver, Parry Sound, or anywhere else, who will be dealing with the individual applicant. I think the wording is much too broad and much too loose, and I support the arguments that have been made that the bill should have a definite provision stating how far the Department of National Revenue can go in providing information.

Mr. Churchill: Mr. Chairman, I think sufficient information has now been supplied to the minister to show the weakness of the proposed section. The suggestion that the section be stood and an attempt made to redraw it, is sound. I like the proposal put forward by the hon. member for Comox-Alberni, suggesting that instead of the Department of National Revenue providing information to the Department of National Health and Welfare, the Department of National Health and Welfare should submit the information supplied it by an applicant to the Department of National Revenue, with a simple request asking whether the information is accurate or inacccurate. If the information is inaccurate then the applicant would be obliged to furnish the Department of National Health and Welfare with a better statement.

This would avoid disclosure of income tax returns, which is what hon. members are objecting to, and would keep inviolate the requirement pertaining to income tax information. Despite what the minister may intend, there is a loophole in the proposed section as it now reads, which might be taken advantage of by someone. Our purpose is to put the bill in such a form that it will not have to be modified within 12 months, and that it will not permit people to take advantage of some omission on our part. The suggestion made by the hon. member for Comox-Alberni might well meet the objections that have been raised from other quarters in the chamber.

[Mr. Aiken.]

As I understand the minister, all he wants to know is whether an applicant is giving correct information with regard to his income. If we are correct in our assumption that a very small percentage of people will give inaccurate information, perhaps a few deliberately and some by inadvertence or error, then why open up the Income Tax Act and the secrecy surrounding returns? The minister's purpose would be accomplished by a simple answer from the Department of National Revenue.

Mr. Fulton: The minister appears to be determined to ignore the reasonable request that the final three subclauses stand. As an alternative, and not to put the minister on the spot, may I suggest that we rise for two hours during what is normally the dinner recess so as to allow him to consider the matter?

Mr. MacEachen: I have listened very carefully to the representations made by members of the committee, and I have listened to the hon. member for Comox-Alberni who, I know, understands the procedure which I am recommending in this connection. The first point to be made is that the Minister of National Revenue makes information available on the request of the Minister of National Health and Welfare. The Minister of National Health and Welfare must ask the Minister of National Revenue for information relating to the income, or income from a particular source or sources, of an applicant.

Mr. Fulton: Any person designated by you could make that request.

Mr. MacEachen: It is upon the request of the minister, and naturally we know officials are designated to act for ministers, but the information sought is related to the income "for any purpose relating to the administration of this act". The Income Tax Act would prohibit the Minister of National Revenue making the full income tax form available to the Minister of National Health and Welfare, or any of his officials. He could not do that because there is information on the income tax return which is much broader than information required for the "administration of this act."

I think we are agreed as to the procedure to be followed, and I do not see any better way of reflecting this in the law. I have explained to the committee the procedure we propose to follow. It is precisely the procedure as described by the hon. member for Comox-Alberni and the hon. member for Winnipeg

South Centre. We will say to the Department of National Revenue, "You tell us if this is accurate." If it is not accurate, if there are significant differences then we will have to ask the applicant for further information.

Mr. Churchill: The minister has ended up on the right note but he did not start that way. The minister started by saying his officials would ask the Department of National Revenue to give information with regard to the income of the applicant. That is wider than what is suggested by the hon. member for Comox-Alberni and by myself. What we have suggested is that the minister, or his officials, submit the statement of the applicant to the Department of National Revenue and ask the simple question, "Is the income statement on this form accurate or inaccurate"? They should stop at that point.

• (6:00 p.m.)

Mr. MacEachen: Well, this is precisely the procedure which we propose to follow. We will submit the information and ask whether it is accurate. Naturally, if it is inaccurate, the department will tell us and we will have to obtain more information.

Mr. Fulton: That is the reverse of what the bill says.

The Deputy Chairman: Order. Perhaps at this time the Chair might be permitted to give the questions to be asked on the adjournment debate.

[*Translation*]

It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be debated at the time of adjournment tonight are as follows: The hon. member for Lapointe (Mr. Grégoire), shipping—use of Russian icebreaker in St. Lawrence River; the hon. member for Renfrew North (Mr. Hopkins), public works—Pembroke, Ont.—wharf facilities; the hon. member for Lotbinière (Mr. Choquette), administration of justice—amendments to Criminal Code and Canada Evidence Act with respect to prisoners' confessions.

[*English*]

Mr. Knowles: Mr. Chairman, I had in mind asking whether we were going to have any time off for supper, but I see the Minister of Transport in his place and he is never interested in things like that.

Mr. Barnett: Invite him to leave the house, and then come back to your question.

Mr. Knowles: I will return to this matter later. May I ask the Minister of National Health and Welfare what the plans of the department are at the inauguration of the supplementary payment? As I see it, in the months of January, February and March the department possibly will receive three quarters of a million applications for the supplement. With respect to how many of these does the department intend to check the information from the Department of National Revenue and on what basis will these cases be picked up?

Mr. MacEachen: Mr. Chairman, I dealt with this question earlier in reply to a question raised by the hon. member for Queens-Lunenburg. I am quite satisfied that the main procedure will be to conduct a sample check of these forms, unless there is some apparent reason that the forms should be verified. This is the procedure which has been recommended by the Senate committee; that is, that sample checks be conducted. This is the main procedure which will have to be followed. We do not propose to send every form to the Department of National Revenue for verification. We will do it on a sampling basis.

Mr. Knowles: In other words, it will just be made clear to the applicants that any particular application may be sent over to the Department of National Revenue for a check.

Mr. MacEachen: I think it will be a good idea to make that clear to the applicant.

Mr. Leboe: Mr. Chairman, it seems that it is going a bit far to start sampling when you do not have an idea there is anything wrong. I think that if the applicant files a return and there is nothing in it which suggest there is anything wrong you should not take this discriminatory action. This is something to which I object in respect of other forms of legislation. It is an act of discrimination when merely because somebody's name turns up in a hat a check is made of that individual's form. In this case, the individual is put through the wringer while dozens are going scotfree. I do not think this is a proper procedure at all. Surely, there must be a better way in which to find out whether or not there is anything wrong. I think that in looking at an application the individual dealing with it should have a question in his mind about it before he does any checking.

Mr. McCleave: Mr. Chairman, the hon. member for Winnipeg North Centre suggested that I make a try for the supper break. I

should like to do so even though the Minister of Transport shakes his head. That is not unusual conduct on the part of the Minister of Transport.

The point I wish to make is that by suggesting the sampling of a certain number of applications the minister is opening the way for a game of Russian roullette with the problems of our old people. It seems to me that the danger in respect of these proposed sections is that they open the way for spiteful letters to be written by people who do not sign their names. These letters might be written to a department indicating that some old age pensioner is not entitled to receive the supplementary benefit. I think by this action the minister is opening up a Pandora's box of every type of imaginable evil. I hope he will consider the very good suggestion made here in respect of amendments to proposed section 17 which were presented by those who have taken part in this debate.

I seem to recall an occasion, under the former administration, when a court held that an income tax return was compellable evidence and the Minister of National Revenue of that day immediately caused an amendment to be made to the law to see that the complete umbrella of privilege was given to the income tax return. I commend that course to the Minister of National Health and Welfare. I should like also to point out that if these 500 people who are hired full time to look into these returns wish to keep themselves occupied, surely they are going to have to write to an equivalent number of civil servants in the Department of National Revenue who will haul out these returns and give the answers. Not only will we have the direct proliferation of 500 full time civil servants plus the part time civil servants in the Department of National Health and Welfare—what an empire builder the minister could become—but in the Department of National Revenue, not for empire building but for the sake of preserving the department's sanity, hundreds of civil servants would have to be hired to answer these questions.

It is easier to ask these questions than it is to answer them, so the net result may be that for every new employee hired by the Department of National Health and Welfare you would have to have two new civil servants appointed by the Department of National Revenue. I think the minister should be persuaded to allow us a supper break while he looks into the points I and other members of the committee have made this afternoon.

[Mr. McCleave.]

Mr. Olson: Could the minister give us some explanation in respect of the handling of these applications from those people who feel they made available through the post offices? Will the provincial welfare departments assist in filling them out in the initial stages, or will the applicants have to wait until there is a federal staff in the field which can take the applications from those people who feel they may be qualified? How is it going to be done? Perhaps information in this regard would assist members of the committee a little in trying to evaluate all the ramifications which will be involved in getting the applications back to the department in as accurate a form as possible.

• (6:10 p.m.)

Perhaps the vast majority of those who will be eligible will have their applications approved in time to receive their payments toward the end of March.

Mr. MacEachen: We propose to send out application forms to all old age pensioners so they will be able to fill them out and return them as quickly as possible. My hope is that the bulk of the cheques will go out in March, with perhaps a few going out in April, but that situation may in fact be reversed. I have no authority until this bill is passed to have these application forms printed, and that will take some time. After this bill is passed, we will get the forms printed and mailed out as quickly as possible. We think most old age pensioners will be able to fill them out quickly and send them back. We will process them as soon as possible.

Mr. Olson: Is the minister now saying that these forms will not be as complex as the income tax forms, for example? In some cases I presume there will be some complexity in calculating net income, particularly on the part of those pensioners who have property investments of one kind or another. In some cases the senior citizens will have to deduct the expenses involved in administering their property, in which case these application forms may be as complex as income tax returns. The minister knows, as does the Minister of National Revenue, that most citizens in Canada who have a complex income structure cannot fill out income tax forms by themselves but go to lawyers, public accountants and chartered accountants for assistance.

Perhaps the minister could explain to the committee how a senior citizen who has an involved income structure will be able to arrive at a net income in some way more

simple than that required in respect of income tax forms. Does the minister have some other basis of calculating income in mind in so far as applications for supplements are concerned which would be significantly different from the method required under the Income Tax Act.

The Income Tax Act is very complex, and while there are reasons for that complexity perhaps the minister can tell us how this process of arriving at net income is to be simplified for these applicants for the supplement?

Mr. MacEachen: The proposed form is to be much more simple than the regular income tax form. If there are pensioners with complicated income structures, then they must be filling out income tax returns and are aware of the complexities involved. I believe the number of pensioners with complicated problems such as those suggested will be small. We will give every possible assistance through the income tax offices and district pension offices. That is the way we hope to proceed.

Mr. Olson: Let me pursue this subject a little further by asking one more question. I cannot agree with the minister's suggestion that all those pensioners who have complex income structures are now filing income tax returns. It is possible to have a complex income structure without receiving sufficient income requiring you to file an income tax return. Only those people who have a taxable income after claiming their personal exemptions are required to file an income tax return.

Some senior citizens may have small property holdings which do not return a sufficient net income to be taxable. It seems to me that in fairness we should apply the same laws in arriving at net income in order that our senior citizens may obtain the benefit of supplements. They should be allowed to make the same deductions from their gross income as they are in arriving at net income for the purposes of taxation. Many of these senior citizens are not familiar with deductions and exemptions. Their net incomes may have been worked out over the years by the national revenue department. With all deference to the minister, I cannot accept his suggestion that senior citizens who have complex income structures necessarily file income tax forms.

Mr. Lewis: Mr. Chairman, I do not intend to speak on the matter before us, but I should like to make a serious appeal to the ministers present that we have a break for dinner. I am reminded that the hon. Minister of Transport and I attended what was called a hunger lunch earlier today. We ate little and learned much. We are expecting the budget to be brought down at eight o'clock, which may be a little tough to take on an empty stomach. In all seriousness it seems to me we would not be wasting our time by taking a break. On the contrary, we may actually save time.

Mr. Pickersgill: Mr. Chairman, the hours of sitting are prescribed. We hope, too, to have a recess for a longer period of time and not just for those purposes suggested by the hon. gentleman. It is not the intention of the government to call any other item of business this afternoon once the item of business before the house now is concluded. If this bill can be passed, I would then ask the committee to rise to take a break for the necessary purpose so eloquently referred to by the hon. gentleman.

Mr. Churchill: Mr. Chairman, we are constantly being subjected to specious types of blackmail. We are always faced with the suggestion that we can take a supper break if we agree to certain things.

Mr. Pickersgill: Mr. Chairman, I rise on a question of privilege. I think the hon. gentleman on reflection will regret the use of that word. Perhaps he was not present in the committee last Friday, when at three thirty in the afternoon, his colleague the hon. member for Ontario indicated that the members of his party had completed their discussion of the bill in committee and thought that it should be dealt with in about half an hour. I do not know what circumstances have arisen to change that situation, but we have not objected to the time that has been spent on this bill. We agree it is one of the most important pieces of legislation we have ever had before us. I think if we used the time prescribed by the rules to get on with this business and pass this legislation, we would be assisting the Minister of National Health and Welfare in getting these application forms printed in order that the measure can be carried out.

Mr. Churchill: Mr. Chairman, I have no regret about my use of the word "blackmail" and I use it again. I was present last Friday during committee proceedings. We were prepared at that time to go ahead, but circumstances changed between then and later as they have changed now. I was also here on Thursday night when the Minister of Transport tried to practice some of his well known trickery on the house. I say, following what was said by the hon. member for York South, that we are being subjected to blackmail in

this house because of various things the government wants to do. Yet we have worked all year, and faithfully, and sat through luncheon hours and dinner hours to accomplish our purpose.

● (6:20 p.m.)

However, Mr. Chairman, now we are told that if we do not do this we will not have a supper break, or we may have to stay later before Christmas or come back earlier after the new year. This is the type of thing to which I object. We are here on serious business, and the serious business before us right now is trying to get this bill put into the shape in which it should be, in order to meet valid objections that have been raised by responsible members in the house. What surprises me is that the Minister of National Health and Welfare will not yield, when the point has been impressed upon him time and time again, and make the necessary adjustment.

Let me repeat our point. The secrecy of the Income Tax Act is being affected by this intrusion if the bill. All we are asking is that we retain the secrecy of the Income Tax Act and not try to modify it through other bills that may be passed by this house. In order to bring the matter to a head, Mr. Chairman, I propose the following amendment:

That section 17, subsection (3) (a) be modified as follows:

That all the words after the word "purpose" in line 46, page 9, be struck out and the following substituted therefor: "a report as to the accuracy of the information concerning income submitted by the applicant."

Then the section would read as follows:

(3) Notwithstanding any other act or law,

(a) the Minister of National Revenue or any person designated by him for the purpose may, upon the request of the minister furnish to the minister or to any officer or employee in the Department of National Health and Welfare designated by the minister for the purpose, a report as to the accuracy of the information concerning income submitted by the applicant.

I send this amendment up to you, sir. I move it, seconded by the hon. member for Ontario. I suggest that if this wording is not satisfactory to the law officers of the crown, it can be modified so that it will stand up under scrutiny. The intent and purpose as expressed by the minister himself is contained in the suggested amendment. There will be no intrusion on the secrecy of income tax returns. It is not a question of the officials of the Department of National Health and Welfare asking the Department of National Revenue to give them the figures on income tax returns of an applicant; it is the other way around. The Department of National Health and Welfare submits the figures given by the applicant in disclosing his income for the purposes of this act, and the Department of National Revenue, without showing any form of giving any additional information or anything of that nature, or disclosing the secrecy of the information they have at their disposal, simply replies, "the information is accurate" or, "It is inaccurate". I suppose they would have to expand upon the last statement and say, "There is a lack of disclosure of further income". Then, the onus of proof rests on the applicant to show that he has disclosed his full income.

There is no need then for any search of additional questions by the Department of National Health and Welfare of the Department of National Revenue. The income tax return then stays as it is now, not open to any one at all. The Minister of Finance twice, last week and again today, mentioned the fact that under the act of that department they are prohibited—these are the words he used today—from forwarding information to any other department or authority. It is rather interesting that on Friday the Minister of Finance used words similar to that and again today he used those words, just as if he were somehow indirectly attempting to influence the Minister of National Health and Welfare with regard to this section in the bill. I am sure the Minister of Finance and the Minister of National Revenue could not agree on this provision because it is opening the door to what has been secret in the past with regard to income tax returns.

I would, therefore, suggest that amendment, sir, or an amendment that can be fixed up by the law officers of the crown so that it will not be misunderstood by anybody. I drafted the amendment hastily here, of course; but I repeat that it shows the intent that the minister himself disclosed this afternoon.

Mr. Pickersgill: Mr. Chairman, I wonder whether while the minister is being given a minute to consider this amendment I might humiliate myself a little, and perhaps in doing so restore some good humour that may temporarily have gone from the committee. I was told years ago that one should never apologize and never explain. I never thought that was a very good principle; I have tried to apologize every time I thought there was any real ground for doing so. I have taken the things that have been said about me, and what happened the other day, in as good a part as I could without any attempt to make any reply. But I do hope that hon. members,

whatever they may have said publicly, do not really feel that what they said was quite justified. I may have acted in a foolish fashion, I may have acted in a tactless fashion, but I did honestly think I was following the rules. No one had ever told me there had been an arrangement of the sort that my hon. friend the Minister of Public Works told me about when he came in that evening.

I readily and immediately agreed that if I had made that kind of mistake, it ought to be repaired. I just want to say that, Mr. Chairman, because although I really do not particularly relish having to say this, it happens to be the truth.

Mr. Churchill: Mr. Chairman, what the Minister of Transport has said is a fair statement. I fully believe that he was acting within what he considered to be the rules of the house the other evening. Frankly, I did not say it to his face but I told my colleagues that he was just being quite alert and politically smart, in the proper sense of the term. But we have had a full explanation now of what was intended during the course of the year, so we will absolve the minister from anything with regard to what some people would call skulduggery. However, we will keep a very close watch on him in the future. If he really wants to be in the proper Christmas spirit and help everybody out, I hope he will immediately get in touch with Air Canada and find out whether they are supplying as many flights to the maritimes and western Canada as they are to Florida and places like that. Some of us would like to know whether we will be able to get home for Christmas.

Mr. Pickersgill: Mr. Chairman, I think hon. members on the other side of the house are more particularly interested in this information and it is desirable that they receive it. I will do my best to help to facilitate arrangements of that kind, and I will do it very happily. My hon. friend the Minister of National Health and Welfare is considering the amendment, and it has been suggested to me that he would like to further consider the suggestion made by the hon. member for Winnipeg South Centre.

• (6:30 p.m.)

Perhaps we could allow this new section to stand and proceed to consideration of the next one.

The Chairman: Order, please. Perhaps for the benefit of members of the committee I should read the amendment moved by the hon. member for Winnipeg South Centre:

> That section 17, subsection (3) (a) be modified as follows:
>
> That all the words after the word "purpose" in line 46, page 9, be struck out and the following substituted therefor: "a report as to the accuracy of the information concerning income submitted by the applicant."

Mr. MacEachen: Mr. Chairman, I should like to have an opportunity to consider this amendment and especially to ensure that it is put in proper legal form. I do not know whether members of the committee have any further problems with respect to the remaining clause in the bill. Perhaps we could move on to that clause and dispose of it. We could then recess and deal with the clause now before us at 7.45.

Mr. Barnett: I think the suggestion just made by the minister might very well appeal to hon. members in all parts of the committee. However, while the committee appears to be in this mood, I would like to take a moment to sing the praises of the hon. member for Winnipeg South Centre, something which perhaps does not happen every day of the week from this particular quarter of the house. I appreciate very much the fact that he has taken the trouble to draft in amendment form a suggestion which I put before the minister previously. I certainly agree that the drafting of this particular amendment should be carefully considered. It appears to me that this might be a situation where the hon. member for Winnipeg South Centre, the Minister of National Health and Welfare and I might be close together and we could come to a very happy accommodation on the point which has been the subject of considerable discussion.

Mr. MacEachen: As far as I am concerned, the general intent of the amendment is acceptable. I want to make sure of what the report covers, that is if it does not check we want to have more information than just the fact that it does not check. We also want to provide for the necessity of acquiring information on the income of the spouse in the case of a joint application for married couples under the act.

I would be quite happy to agree to an amendment that would call for a report from the Department of National Revenue instead of income tax returns which I never intended to have anyway. I am very anxious to see the next clause passed before we adjourn and then to come back at 7.45 to consideration of the amendment before us. I do not think there

is anything very difficult in the next clause. It has to do with regulations which affect what has been passed already.

Mr. Knowles: I think this suggestion is not unreasonable. It is my impression that we may not be very long on the next clause on which I have one or two comments. However, I wonder whether instead of coming back at a quarter to eight we could not do so later tonight, after the budget speech and the remarks from the hon. member for Perth. If we come back at a quarter to eight and do not complete our consideration of the bill then the Minister of Finance will be frustrated and we would not want to be the cause of that.

Mr. Leboe: Mr. Chairman, we have no objection at all to the amendment. We think it covers the point I was trying to make a while ago because under the bill we are asking for a comparison and a statement if the information of the Department of National Revenue does not agree with that which is supplied by the applicant. This satisfies the point I was trying to make.

Mr. Churchill: May I say one more word? The hon. member for Peace River and the Leader of the Opposition raised a constitutional issue on Friday and again today to which the minister has not yet given an answer. Will we have an answer with regard to this matter before this bill is passed because this is one of the stumbling blocks at present?

Mr. MacEachen: I will be glad to make some comments on that before the bill is completed. I am sure there will be an opportunity for that during third reading of the bill.

The Chairman: Does the committee agree to stand new section 17, which of course means that the whole of clause 3 will stand, and to proceed to a discussion of clause 4?

Some hon. Members: Agreed.

On clause 4.

Mr. Knowles: Mr. Chairman, I have a brief word to say with particular reference to the new section 18 being enacted by clause 4, and more particularly with reference to sub paragraph (a), which has to do with the application forms which pensioners will be required to complete in order to receive the supplement. The minister has told us that this is a very simple form, but that he cannot let us see it in advance.

[Mr. MacEachen.]

Perhaps I should not be so suspicious just six days before Christmas but I have a gnawing notion that when we see this form, and the explanations which will be given to the people on how to fill it out, we will find it not to be as simple as the minister assures us it is. I think he should be more precise. He must have some idea of what will be in this form. I think he should read the terms of it to us. I do not think it would be proper for him to insist that he does not know what is in it because he is a member of the Liberal party and I received today the Bulletin of the Liberal Federation of Canada dated December 1966 which deals with the guaranteed income plan. It is a very interesting document. My chief quarrel with it is that the document ends with a preposition, but I have a few other things to say about it as well. The following sentence appears in the middle of one paragraph:

> If the bill is approved before the Christmas recess a simple form will be mailed to all recipients of old age assistance—

I believe the Liberal Federation made a mistake. It should read "old age security". It then goes on:

> —in their January cheque envelopes. All the information that this form requests is the gross income of the pensioner in the previous year, this same information is provided by the pensioner each year on his income tax return, and the only purpose of the form is to calculate the amount of extra benefit the pensioner is entitled to.

I ask the minister to take note of the tense of that sentence. It reads: "All the information that this form requests is". Apparently the Liberal Federation of Canada, located at 251 Cooper Street, Ottawa, has seen the form. If the Liberal Federation has seen it and knows what is in it, why should not parliament have it too?

Mr. MacEachen: I assure my hon. friend that the Liberal Federation has not seen the form and if it had, the commentary would have been somewhat different. I think the form is quite simple, maybe that is because I am a bit simple minded. It is simpler than the income tax form.

Mr. McCleave: Anything is simpler than that.

• (6:40 p.m.)

Mr. MacEachen: The applicant will be asked to list his sources of income. There will be several categories as reminders; there will be earnings, interest and so on. Other information will be asked with respect to age, date of birth, marital status and if they want to take one of the retirement options in the bill.

They will have a chance to place a tick in the appropriate spot and we shall send out a form to them. The sources of income are listed. There are eight sources and above that there is an indication of what not to regard as income along the lines I described to the house. I think that is it.

Mr. Knowles: It sounds as if the minister is looking at a copy of the form. If he has got one he should let parliament have it. What he said in the last few minutes shows it is not as simple as he says or as the Liberal Federation insists. If there are all these categories of what is and what is not income, and if the calculation of income as defined in the new section 9 and the statement as set out in new section 10 are included in the form, I am afraid the pensioners will find themselves with quite a job when it comes to filling out this form.

A moment ago the minister said he was a simple minded person. I wish he were simple minded enough to realize that it would be far better if we did not have this test at all. What we should have is just a straight addition of $30 a month to the old age security payment.

Some hon. Members: Hear, hear.

Mr. Knowles: And do you know what, Mr. Chairman? I think the minister agrees with us.

Mr. Leboe: Can the minister tell us whether the figures on the form are to be net figures after taking into account depreciation on such things that may be needed to bring about a net figure? Will depreciation, and so on, be considered? Will you be asking for net figures?

Mr. MacEachen: Yes, Mr. Chairman. Of course we should require net figures. I think there has been an excessive desire to make the subject look complicated. Undoubtedly, there will be a small number of pensioners who will have a complicated financial picture. I suggest that some of those are already familar with filing income tax returns and would not be bewildered. If there are pensioners with complicated problems, they can get assistance from the income tax department, from the district pension office or, perhaps, from members of parliament.

For the great bulk of them, it will be a simple operation. For a small group, there may be complications but they can get help.

Mr. Leboe: These figures then are to be net figures, no matter if there are complications? If the pensioners are to put down figures on the application form those figures will be what they consider net figures, I take it?

Mr. MacEachen: That is right.

Mr. Knowles: Mr. Chairman, I had to pass on my Liberal Federation bulletin; there seems to be a great deal of interest in it. But may I ask the minister whether the Liberal Federation was correct in the statement that these forms would be mailed out to our old age pensioners with the January cheque?

Mr. MacEachen: It depends—and I am very timid about making this comment because I do not want it to be thought that I am trying to push the committee faster than it wants to go—on when the bill is passed. I would give authority to get these forms printed then. It takes a number of weeks to get them printed because of printing schedules. It will be January or possibly February before we can get them out.

Mr. Knowles: It seems to me that the minister should make an effort to get the forms out sooner than that.

Mr. MacEachen: We did make that effort.

Mr. Knowles: Granted that it will take time to process the forms, but if we ask these people to fill out something they should have a chance of having it before them. They should have a chance to fill out the forms.

Mr. MacEachen: I agree with my hon. friend. I have been trying to accelerate the printing. The moment parliament passes the bill the printing will get under way as quickly as possible.

Mr. Barnett: Perhaps the minister might get a little help from the hon. member for Winnipeg North Centre who, at some time, was a printer. Perhaps, he could help with the forms.

Mr. Knowles: It would be an awfully simple form if I printed it.

Mr. Barnett: I wish to ask a question of the minister arising from the new proposed section 18 which has to do, as I understand, with a re-enactment of the section in the Old Age Security Act providing for authority to make regulations on the part of the governor in council.

Up until now the only questions involved in old age security administration, so far as qualifications are concerned, have been age

and residence. I have already spoken of those. This bill does, of course, open up other considerations which have been discussed at great length. Before posing my question, I should like to remind the minister of a statement he made to be found at page 11266 of *Hansard* of last Friday. *Hansard* records this:

> Mr. MacEachen: In calculating the supplement payable to a married person the idea is to take into account the combined income of a married couple. This part provides for the case where a married pensioner has an unmarried spouse—
> Mr. Knowles: An unmarried spouse?

The question I wish to ask the minister is, what about the case of the unmarried pensioner who has an unmarried spouse? The minister will recall that in certain other legislation, such as veterans' legislation, there is in fact provision made for this kind of situation, what is commonly referred to as a common law marriage. I ask the minister whether there is any arrangement within the redrafting of the regulations providing benefits where a pensioner has a spouse who has not been legally or formally put into the position of being a spouse. I do not want to get into a lengthy discussion but it seems to me that this situation might properly be taken care of under regulations without having it set out in great detail in the bill itself.

I again remind the minister that this situation has been dealt with by parliament in certain other related legislation. I particularly refer to legislation affecting war veterans' pensions. I hope to get some sort of answer from the minister to the question I posed.

• (6:50 p.m.)

Mr. McCleave: The minister may wish to wait a few moments while advice comes to him from the gallery where, no doubt, his officials are.

Since we are close to rising for supper, perhaps I may make a suggestion to the minister. Admittedly, it has to do with proposed section 21. This is the last suggestion for an amendment that the official opposition would like to make with regard to this bill. If the committee is agreeable, I could proceed to make a short speech outlining it now. If not, I will wait until later.

I take it that the committee is agreeable. The danger about 21 (1) (c) is that summary conviction proceedings may be used against any person who had received overpayments or who had wrongly received benefit. Under new section 20, such a person is required to return the amount of the overpayment or benefit. But under the paragraph I have just mentioned, criminal action could be taken. I make this brief point: the courts of this land are most unwilling that criminal processes should be used to recover civil debts. By putting these words in the bill a heavy club is placed over the heads of the people who might, in all innocence, have been unable to fill out the form correctly.

These people might think they are entitled to benefit when they applied and then, after they had received it, it would turn out that they were not. Ordinarily, under the criminal law, mens rea or criminal intent would be a factor. But this is not so under 21 (1) (c) which deals with a simple failure to return an overpayment. A person might not be in a position to do so. He might have received the money without there being a criminal thought in his head. Yet, he can be brought before a magistrate's court.

I realize the minister may say this is precisely the same procedure as that which now exists in connection with old age security legislation. But I do not believe it is the same. I can see that under old age security legislation if a person fraudulently gives an incorrect age as a means of obtaining benefit to which he is not entitled, that person should be punished. But in the present case the mistakes which arise will, more likely, be errors of judgment. For this reason, I suggest that either 21 (1) (c) be removed from the bill or, if the minister wishes to keep this paragraph, the word "fraudulently" be placed in front of it so that there must be evidence of criminal intent before any action can succeed in the courts.

Mr. MacEachen: The answer to the hon. member for Comox-Alberni is that the case he has mentioned is provided for inasmuch as an applicant may in this case apply as a single person, if he so wishes, or as a married person.

Mr. Nasserden: I should like to support the argument put forward by the hon. member for Halifax with regard to the provision to which he was referring. A number of cases have come to my attention concerning people who find themselves in difficulties after receiving supplementary assistance under the Old Age Security Act. An estimate is made of their income during the year. Then, after the year has gone by, it is found the amount was $12 or $14 or $25 higher than had been estimated. The department then rules that they were not eligible for any assistance at all, and they are charged with the entire amount of benefit they have received. In most cases, the money

has been spent and there is no way in which the money can be recovered. I understand that in fact the department deducts if from pension cheques in succeeding months. Nevertheless, much hardship is caused to these old people. In many cases, it appears to me that the situation is brought about by whoever in the department had determined that a certain figure would be a fair estimate of the income of the person concerned. Surely there is no need to include in the bill a provision as harsh as this one seems to be.

Mr. McCleave: I understand that the minister will be studying my suggestion with his legal advisers during the supper period. My suggestion is that the word "fraudulently" be inserted, but if the minister can think of some better term we should be interested to hear what he has in mind. The hon. gentleman will understand our concern about using a criminal action in order to follow up what is essentially a civil wrong.

Mr. Régimbal: We have been objecting strongly to the "snooping" aspect of this legislation. Here, we have a good example of the way in which these things can build up and spread. The minister has suggested that some of these pensioners might be able to count on the assistance of friends or relatives when filling out these forms—that they could, perhaps, consult a relation or a member of parliament. Does not this imply that those who help in this way may have to hire "snoopers" to find out whether pensioners are telling the truth or not?

Mr. MacEachen: Has the hon. member never helped an old age pensioner to fill out a form? I certainly have.

Mr. Régimbal: But this is brand new. We are not familiar with these forms. What control has one over the information which is given. If misleading information is given, do these helpers become accomplices? When there is snooping, one thing leads to another.

Mr. MacEachen: With regard to the point raised by the hon. member for Halifax (Mr. McCleave). What was he referring to?

Mr. McCleave: It was 21 (1) (c) on page 12.

Mr. MacEachen: I do not understand the point. We provide for refunds in the case of overpayment.

Mr. McCleave: I am not objecting to the principle of recovery. That, of course, involves a civil action and under new section 20 the minister clearly has the right to proceed for recovery of overpayments. I am objecting to this additional club which is being placed over people's heads inasmuch as they can now be taken into court under a process of summary conviction, found guilty and either fined or sentenced to a jail term for failing to return the amount of the overpayment.

My point is that the criminal courts are reluctant to be used as a means of recovering civil debts. The second point is that it would be simple enough for a person to make a mistake when determining income, for example, and find himself the recipient of a few extra dollars each month. Eventually, the department catches up with the mistake. Not only is action taken for recovery of the money, but there is a threat of action in the courts, and the danger is that a perfectly innocent person, with no intention to defraud, would find himself treated as a criminal.

• (7:00 p.m.)

Therefore I suggest to the minister and his officials that they use some word such as "fraudulently" so that the element of criminal intent is clearly brought in. Then, if somebody sets out to defraud the treasury of Canada of even a few dollars, he will be punished. I have no brief for any pensioner who engages in fraud. My brief is for the person who can fall into error, who can make a mistake in arithmetic and suddenly finds himself threatened with criminal action.

Mr. Knowles: Mr. Chairman, in support of the point that the hon. member for Halifax is making, is it not enough, except in cases of fraud, that the government has the power to recover by withholding what is owing from future cheques? Most people who are going be affected by this legislation, whether they are pensioners or beneficiaries of pensioners, are going to be the recipients of government cheques—old age pensions or what have you. So I repeat my question, is it not enough that the money be recovered by retaining payments out of future cheques except in cases of fraud? Is that not what the hon. member for Halifax is asking?

Mr. Pickersgill: The words are there now.

Mr. MacEachen: We are merely re-enacting what is in the law now. It applies to a person who knowingly makes a false or misleading statement.

Mr. Knowles: But "knowingly" does not apply to (c), only to (a).

Mr. MacEachen: It reads:

—being the payee thereof—fails to return a cheque or the amount thereof—

There is no semicolon there.

Mr. Knowles: But, Mr. Chairman, the "knowingly" is in paragraph (a) and I submit therefore applies only to paragraph (a). If it were intended that the word "knowingly" was to apply to paragraphs (a), (b), (c) and (d), it would be in the top line after the phrase "every person who."

Mr. McCleave: The minister makes the error that all these are combined in one offence. Paragraphs (a), (b), (c) and (d) contain four separate offences.

Mr. Knowles: I suggest that the minister might look at this over the supper half hour, which we might yet get.

Mr. MacEachen: Mr. Chairman, maybe it is because I have been in the committee so long that I do not understand the point of the complaint that is made. Persumably the hon. gentleman is referring to a pensioner who, by accident, receives an overpayment—

Mr. McCleave: Yes, that is it.

Mr. MacEachen: —and has not done so knowingly. Then, of course, it is up to the department, and it is only in case of absolute fraud that the department has ever taken any action. It has only been very rarely that it has taken such action.

Mr. Diefenbaker: If that is so, why not provide so?

Mr. MacEachen: Only a few very rare cases have been brought to my attention since I became minister where it would be essential to prosecute because of obvious fraud. However, we would be glad to take another look at this language over the dinner recess.

Mr. Knowles: Has the government not got protection under the Criminal Code in case of obvious fraud? Where there are overpayments the government has the authority, under section 20, to recover them in various ways. The Financial Administration Act gives power to recover. Where there is fraud the provisions of the Criminal Code would apply.

Mr. Leboe: I think the hon. member for Winnipeg North Centre has suggested the answer when he referred to putting the word "knowingly" in line 20 after the phrase "Every person who."

[Mr. Knowles.]

Mr. McCleave: I think a person would know he was failing to return a cheque, but I believe the person the department would want to get after would be the one who defrauds from the very beginning.

Mr. Diefenbaker: Mr. Chairman, if the minister gives consideration to this point I think he will make the alteration, because the fact that the section is almost a duplicate of the old section 9(1) indicates that we failed to do our duty when that legislation was before the house.

With respect to the "knowingly", I point out that you cannot knowingly fail to return a cheque just because you do not return it. The "knowingly" cannot refer to the failure to return a cheque or the amount thereof, as required by section 20. No one wants to convict a person for failure to return a cheque or the amount thereof, as required by section 20, unless that is done in a fraudulent manner or with intent. The minister says that of course the department would not prosecute a case unless there were fraud, but the fact remains that the law being what it is, on the face of it a person could be convicted.

For example, let us say I receive a cheque. I place myself in that position, not that I will ever get one under this legislation or indeed under the old age pension legislation at all, but if I got a cheque and did not return it it could have been negligence. It could have been through failure to appreciate the necessity of returning it. Therefore I am sure that if the minister looks into this he will realize that as it stands mere neglect could convict a person under paragraph (c). With respect to paragraph (b), that paragraph reads:

(b) being the payee thereof, negotiates or attempts to negotiate any cheque to which he is not entitled,

There the intent is present because if the payee negotiates or attempts to negotiate any cheque to which he is not entitled the law presumes that that person knows the natural consequence of his act. Paragraph (b) is therefore all right, but under paragraph (c) the failure to return the cheque or the amount thereof should only be made an offence when it is done with a fraudulent purpose. I can see no reason why the minister would not accept the reasonable suggestion made by the hon. member for Halifax.

Mr. MacEachen: Mr. Chairman, I will be happy to consider this aspect and see if we can produce some wording to cover this point. If this is the last point in connection with the

last clause I suggest we stand new section 21, pass the rest and then rise for a brief dinner adjournment.

Mr. Pickersgill: Until a quarter to eight.

The Chairman: Is there any further discussion on new section 18? Is it agreed to stand new section 18?

Some hon. Members: Agreed.

The Chairman: Is there any further discussion on new section 19? Is there any further discussion on new section 20? Is it agreed that new section 21 stand?

Some hon. Members: Stand.

The Chairman: Is the discussion on new section 23 completed?

Some hon. Members: Agreed.

Mr. MacEachen: Mr. Chairman, I wish to have this clear. I have to report back to the committee on this particular point which we have discussed for some time now, and on the points raised by the hon. member for Winnipeg South Centre.

Mr. Churchill: May I say one other thing. It would be wise to discuss the matter I raised earlier about the confidential issue in committee, rather than on third reading. On third reading we are restricted in debate, so there will be these three things to be covered.

Mr. Diefenbaker: I know the minister is just panting for the opportunity to be able to answer the questions about the situation that might be created by a province. It can happen under proposed section 23 which reads:

• (7:10 p.m.)

(1) There shall be established an account in the consolidated revenue fund to be known as the old age security fund to which shall be credited from time to time in respect of each fiscal year.

(a) an amount equal, in the opinion of the Minister of National Revenue, to

(i) the old age security tax collected, in that year before the time of crediting, by virtue of section 22,
minus

(ii) the aggregate of

(A) amounts previously credited in respect of that year under this paragraph, and

(B) such amount as should be allowed for refunds that have been made or will have to be made; and

(b) the amount of each temporary loan made pursuant to this section.

(2) All benefits payable under this act shall be paid out of the consolidated revenue fund and charged to the old age security fund.

All these sections, of course, will be difficult to interpret should the legislature of the province of Quebec carry out its intention as evidenced by the speech from the throne. I should like to hear from the minister in this connection. We have been waiting with anticipation and hope that he would be able to explain what on the face of it appears to be unexplainable. Possibly that is the reason that up to the present moment he has shown no avid disposition to place before the committee and the country the views of the government on this very important matter.

When these moneys are paid into the consolidated revenue fund and a province has opted out—I presume that is the proper expression to use—from the federal legislation, what is the government's intention? There must be a decision made in this regard. The government knows now what it is going to do. No doubt it has discussed this matter at length. It evolved the system of opting out. I want to see the government opt in in so far as this legislation is concerned and place the house and the country in full possession of the facts and the view of the government.

The minister has an unusual capacity for explanation. He has shown that in respect of different bills. He has made a thorough study of this matter. The very simple question I place before him arises out of the constitutional issue. Does the government not agree that if any province so decides it may have its own old age pension plan? If that be the interpretation, and I can see no other on the basis of the statute as it now is and on the basis of the section in the B.N.A. Act, then if the legislature of a province decides it is going to have its own system for its own province, old age pensions being within the jurisdiction of the province except in respect of the limitations made by the amendment of some years ago, how is the government going to go about it? Are you going to take the moneys out of this fund which have been collected from the people of nine provinces and hand them over to the tenth province? If two provinces follow this course, are you going to use the moneys collected from the people of eight provinces and hand them to the other two provinces with no strings attached?

You are not going to get this legislation through until you tell us this. We simply want your answer. We will accept it. We know that you will have an ingenious plan in mind. I should like to know how you are going to do it and on what you have determined. The Prime Minister has stated in effect that constitutionally the government is convinced that the

course it is following is entirely a correct and apt one. However, the government of the province of Quebec, following in the footsteps of its predecessor and also the incitement given by the Prime Minister and members of the government to the opting out concept, has declared its intention to establish its own system. We want to know what you are going to do about it. This is not a matter for next month or next year; it is not being postponed until July 1, 1968. This legislation is to come into effect immediately and, that being so, we are most anxious to know how this abstruse proposition is going to be met by a government noted for its diplomatic approach to problems and its failure to face up to those problems.

I am sure many thousands of people will await with tense interest the explanation of the minister. It is something that will tax the capacity of the government. That is about the only thing which has been left untaxed by this government, and we will get more taxes tonight. How are you going to do this? You collect the money through taxation, and the rumours are that all this government will be able to do will be to increase the income tax of those who have incomes of $6,000 or over. My friend moves his head in a negative manner. What are you going to do about this matter? When you collect the money how are you going to distribute it? You cannot force any province to accept something which constitutionally falls within the ambit of its authority.

I do not wish to detain the minister. It may be that he is not ready to reply and would like to stand this question along with the others until he is able to secure information.

Mr. MacEachen: Mr. Chairman, I promised the hon. member for Winnipeg South Centre, and I repeat the promise to the Leader of the Opposition, that I will make some comments on the issues which have been raised. I am sure they will be inadequate to meet the much more experienced constitutional mind of the Leader of the Opposition. I am an amateur in this field but I will try later to make some comments.

Mr. Diefenbaker: Why not now?

Mr. MacEachen: There has been an agreement that we rise until eight o'clock. Otherwise I should be quite happy to remain until eight o'clock to discuss the matter. At eight o'clock we have the budget and when that is completed we will return to this order. I should like to make the point that the committee has concluded its discussion of proposed section 23 and therefore we will have to discuss this point and the other two points which remain on the title.

Progress reported.

Mr. McIlraith: Eight o'clock.

Mr. Deputy Speaker: Am I to take it that there is agreement to suspend the sitting until eight o'clock?

Some hon. Members: Agreed.

SITTING SUSPENDED

SITTING RESUMED

The house resumed at 8 p.m.

THE BUDGET

ADDITIONAL FINANCIAL MEASURES OF THE MINISTER OF FINANCE

Hon. Mitchell Sharp (Minister of Finance) moved:

That Mr. Speaker do now leave the chair for the house to go into committee of ways and means.

He said: Mr. Speaker, this is not intended to be a full-fledged budget statement with the usual details of our finances and of the economic situation. I shall take the opportunity for a brief interim review of our fiscal position and its relation to the economic situation, but my main purpose tonight is to place before the house proposals for financing the guaranteed income supplement for those receiving old age security pensions. We shall be having to pay out about another $280 million a year for this purpose, commencing as soon as possible after January 1st, and I shall propose that we raise additional revenues of about that amount for budget and economic reasons.

In July, at the time of the announcement of the guaranteed income supplement, it was made clear that the government intended to cover the cost by additions to revenue. On September 8th, as the house will recall, I stated:

It was indicated in July that revenue measures would have to be considered to meet the burden of the income guarantee program. I have reached the conclusion that when this program is enacted it will be necessary to increase taxes or to introduce new taxes to meet our total requirements and to prevent the government's own increasing expenditures from having inflationary effects.

In the last two completed fiscal years, 1964-65 and 1965-66, that is, the two years ended 1966, our budgets have been very close to a balance in terms of our public accounts —there have been deficits amounting to only about one half of one per cent of our revenues. Looking at the position from a somewhat different point of view, that is, the overall economic effect of the federal government's receipts and disbursements, what the economists refer to as the national income accounts, there were surpluses of some $300 million in 1964-65 and about $600 million in 1965-66. These surpluses, in economic terms, have been helpful in pacing our economic expansion and in providing some of the savings required to finance the high level of investment needed for our rapidly growing economy.

Current Year Figures

In the current fiscal year I now forecast that our budgetary revenues before the tax changes I shall propose would be approximately $8,240 million compared with $8,300 million forecast in the budget last March. The reduction is chiefly due to corporate profits turning out to be less than expected, with the taxes thereon correspondingly reduced. In addition of course, the forecasts now reflect the effects of additional income tax abatements granted in favour of the provinces effective January 1st. I expect that our expenditures will be about $8,580 million compared with $8,450 million forecast in the budget last March. The increases here are spread over a large variety of programs and reflect in considerable part the increased levels of pay and prices. These forecasts of revenues and expenditures would leave us with a budgetary deficit of approximately $340 million compared with the budget forecast of $150 million. Our surplus in terms of the national economic accounts I would forecast at roughly $140 million compared with the budget forecast of $455 million. The refundable tax on cash profits is excluded from both of these figures.

• (8:10 p.m.)

Our net financing requirements for non-budgetary transactions, before tax changes and excluding transactions in our own debt, I estimate to be $342 million compared with $190 million at the time of the budget, taking into account the refundable tax. Members of the house will recall that in my last budget speech I said that it was not my intention to disburse the funds received from the refundable tax but to hold them as an addition to cash balances unless economic circumstances were to change and make it desirable for us to borrow less and ease the pressure on the capital market. This is still my intention. The possibility cannot be excluded of course, that our requirements will make it necessary for the government to borrow extra funds in the market before the end of the fiscal year.

Prospects for 1967-68

I do not propose at this time to forecast the budget for the next fiscal year. That will be done in the spring as usual. Our expenditure programs are still being worked out by the Treasury Board. It is still too early to forecast the economic position with enough accuracy and confidence to estimate our revenues. It is already evident, however, that our expenditures will continue to rise next year quite apart from the guaranteed income supplement. We have already taken on two major commitments in increased equalization payments to the provinces and substantially increased assistance for higher education. We have many large and important programs which are expanding, such as those for scientific research and development, and those for foreign aid. These are worthy projects supported strongly in this house and by the public. Having said this, I want to repeat what I said in this house on September 8th and on other occasions, that we must moderate the rate of increase in new public expenditures. Neither the capacity nor the willingness of Canadians to pay higher taxes should be taken for granted.

On the revenue side the situation in the next year is complicated by our relations and arrangements with the provinces. Already we have undertaken to recommend to parliament a further abatement of our income taxes—personal and corporate—next year in order to make more room for the provinces to increase such taxes to meet the rapidly rising costs of higher education including technical education. The income tax bill, which I plan to introduce before the recess to implement the portions of the March budget resolutions not dealt with in the bill passed in July, will contain clauses to provide for these abatements. In view of the discussion in the committee last friday, I might also mention at this time that we had put in this bill a specific provision exempting from tax social assistance payments based on needs or means, and made under either federal or provincial legislation.

Economic Situation

When I reviewed the economic situation in September, I thought that it might be necessary to increase our revenues in order to counteract the increase in some of our other expenditures this year, and to make possible some relaxation in monetary restraint. Developments in the past three months, however, suggest to me that the undesirable acceleration of the demands upon our economy has moderated. There has been some economic readjustment taking place following the excessive rates of expansion that occurred earlier this year. The effects of a large number of strikes have also been appearing in the statistics. My judgment is that the economic expansion now taking place is more in line with the capability of our economy to grow steadily without inflation. While prices and wages are increasing at rates that are still excessive, I now believe we can expect some moderation in the trend of wage increases and further restraint in pricing policies. Our current position is one of delicate balance and we want to ensure that our economic policies do not contribute either to a serious decline in 1967 or to a re-emergence of strong inflationary pressures as we attempt to adjust to a sustained rate of economic growth.

The Canadian economic outlook for 1967 cannot be fully assessed as yet. We do not yet know enough of the capital spending plans of business or of provinces and municipalities. I believe, however, the rate of increase in such capital expenditures will be less than in the past two years, and should be a closer match to our growing capacity. Moreover, our exports, and our general business behaviour, are much influenced by the economic situation in the United States and that is unusually difficult to foresee this December. Within a few weeks we will know much more of United States policy in regard to defence expenditures and the fiscal measures likely to be proposed to deal with them. We will be in a much better position in several months to appraise our outlook and take promptly such action as may be necessary. Should some relaxation of restraint be needed there will be no difficulty in moving quickly in either the monetary or fiscal field or both. For example, the government will not hesitate to bring before parliament at short notice a measure to end the collection of the refundable tax on business profits or even to make reductions in taxes if that is necessary to achieve a proper fiscal policy for economic reasons. I believe, and in this my views are shared by the governor of the Bank of Canada, that the appropriate mix of policies in such circumstances would be one which permitted some easing of the credit situation.

On the other hand, in 1967 we cannot be expected to permit a degree of expansion of the total demands on the economy that would encourage or endorse further increases in wages and prices at the rates that have been occuring during 1966. If some moderation in demands with inflationary consequences does not occur we may well find it necessary to impose sufficient fiscal restraint upon the economy as a whole to check them. At this time, I am very happy to say, it does not appear such further action will be necessary, and I certainly hope it will not be.

General Policy

Consequently, I am not proposing tonight any general changes in taxation for the purpose either of stimulating or of applying further restraints to the economy. The measures proposed are intended only to counterbalance, financially and economically, the expenditures on the guaranteed income supplement with a small margin to allow for the fact that the payments we make to the old age pensioners are sure to be spent while some of the revenues we get will come out of savings. Given our present economic and budgetary situation, I believe this neutral action to be about right.

To raise all the revenues that are required by all governments in Canada—about $18 billion a year currently—requires a large variety of taxes and charges. We can count on a growth in these revenues as our economy grows and prospers but the rate of real growth in the economy is limited by the growth in our labour force and the improvement in its use and productivity. It is all too easy to anticipate the growth in our revenues and to commit ourselves to spending programs that outrun it. The consequence of over-running it, which those who elect us and make demands on us must face, is that we must raise by increased taxes for public purposes or for redistribution of income an increasing fraction of our total national product. It is because we are in that position that tonight we are asking the Canadian public to accept increased taxes in order that we may distribute more to our old age pensioners with low incomes.

• (8:20 p.m.)

Old Age Security Fund

I turn now to the tax measures I am proposing—two increases in existing taxes. The first

is an increase in one of the taxes under the Old Age Security Act, which will increase the revenues of the old age security fund. Let me first explain the situation of that fund and the policy I propose in regard to it.

When the Old Age Security Act was passed late in 1951 it set up this fund to which were to be credited the revenues from certain specified taxes levied under that act, and which were regarded at the time as essentially contributions for the financing of the pensions authorized by the act. While individual pensions were not related to the taxes or contributions paid by the pensioner, it was felt the aggregate pensions should be related to the revenues of the fund. This was intended to be a means of ensuring the proper financing of the pensions and of ensuring a sense of responsibility in determining from time to time how much the pensions ought to be. The Minister of Finance is required to review annually the state of the fund and to recommend measures to increase the revenues of the fund if it appears the revenues for the ensuing year will not be sufficient to meet the charges on the fund without further loans from the consolidated revenue fund.

I would ask permission of the house to insert here in *Hansard*, for the convenience of hon. members, a table showing for each fiscal year since the act was passed the pension payments made from the fund, the revenues credited to it for each of the three taxes levied under the act, and finally the deficit or surplus for the year, with footnotes indicating how these deficits were dealt with.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Editor's note: The table referred to is as follows:*]

TABLE 1

OPERATION OF OLD AGE SECURITY FUND, FISCAL YEARS ENDED MARCH 31, 1952 TO MARCH 31, 1967

($ millions)

Year	Pension Payments	Tax Revenues				Annual Surplus (+) or Deficit (−)
		Sales	Corporation Income	Individual Income	Total	
1951–52[1]	76	24	2	0.1	26	− 50[3]
1952–53	323	142	37	45	224	− 99[4]
1953–54	339	147	56	91	294	− 46[3]
1954–55	353	143	46	101	290	− 63[3]
1955–56	366	160	53	102	315	− 50[3]
1956–57	379	179	67	125	371	− 8[3]
1957–58	474	176	61	135	372	−102[3]
1958–59	559	174	55	146	375	−184[3]
1959–60	575	270	91	186	547	− 28[5]
1960–61	592	270	104	229	603	+ 11
1961–62	625	285	100	259	644	+ 29
1962–63	734	302	115	274	691	− 43[5]
1963–64	808	332	116	303	751	− 58[5]
1964–65	885	383	145	432	960	+ 75
1965–66	927	522	152	495	1,169	+242
1966–67[2]	1,031	561	153	552	1,266	+235

[1]Program commenced January 1952.
[2]Estimated (excluding the guaranteed income supplement and tax change).
[3]Provided for by budgetary expenditure.
[4]Written off against reserve for losses on realization of assets.
[5]Financed by loan which has been repaid out of subsequent surpluses shown in this table.

Mr. Sharp: It will be noted that during the first eight fiscal years of its operations, the fund incurred deficits amounting in all to $602 million. These were met out of general revenues, or in one case charged to the reserve against losses on realization of assets, which

amounts to much the same except for accounting purposes. Hon. Donald Fleming, in his budget of April, 1959, concerned over these increasing deficits taken in conjunction with the recent increases in pension rates, increased the rates of all three old age security taxes from 2 per cent to 3 per cent, which brought about a rough balance in the fund for the next three years. Increasing deficits then occurred, accelerated by the increase in pensions early in 1962. They were financed by temporary loans from the consolidated revenue fund. When the rate of the pension was increased to the present level in the autumn of 1963 the rate of contribution from the tax on personal incomes was raised from 3 per cent to 4 per cent effective January, 1964. This, together with the removal of exemptions from the sales tax and the effects on revenues of increasing incomes and sales, brought in sufficient revenue to produce surpluses in the fund during the past two fiscal years, and this year as well. These have resulted in the repayment of the temporary loans made to the fund in the preceding two years and the accumulation of a credit balance of $217 million at the end of the last fiscal year, and of $353 million at the end of October. This surplus is much less, it will be noted, than the total deficits in the fund in the 1950's that were not carried forward but written off. Over the whole period of the fund up to this October, the expenditures have exceeded the revenues by $238 million.

Parliament has recently imposed large additional future burdens on the fund by providing that the age at which payment of pensions will commence will be reduced year by year starting in January, 1966 until it reaches age 65 in January, 1970. Even after taking account of the growing revenues of the fund, the increasing pensions would exceed the annual revenues in the fiscal year 1970-71, when the full effects of the age reduction are first felt. Addition of the guaranteed income supplement, however, would immediately bring the pensions in the next fiscal year 1967-68 above the revenues anticipated from the present taxes, and this annual deficit would grow rapidly. It would use up the accounting surplus in the fund by mid-1969 and produce an annual deficit of nearly $400 million in the fund by the time the age reduction already in the law takes full effect.

Such is the situation in terms of this particular account. When we consider the economic and financial effects of old age security payments, however, we must look not to the position in a single account but to total cash flows. In introducing the guaranteed income supplement we are adding $280 million a year to our cash outflow, and this must somehow be matched by increased cash revenues if we are to avoid increasing our cash deficit with all its financial and economic consequences. The accumulated surplus of the old age security account is not held in a separate cash balance. The cash received and credited to this account is and always has been pooled in the consolidated revenue fund into which parliament requires all revenues to be paid and from which the payments authorized by parliament are made. If parliament increases the payments out of this consolidated revenue fund, it must replenish the fund with revenues, or the government has to borrow more to finance the deficit. Given the present and prospective economic situation I do not think that we should finance this large increased cash outflow by increased borrowing. If the economic situation should develop in a way that makes it desirable to reduce our cash inflow from taxes, and borrow more, we can quickly take action to do this. But we should not use the possibility of such a contingency as an excuse for taking the soft option and dodging a difficult issue.

Old Age Security Tax On Income

I am proposing therefore that we act to meet our immediate cash requirements and also to provide properly in our accounts for the burdens which parliament has imposed and is now imposing on the old age security fund during the next four years while the age reduction program is coming fully into effect. The first measure I recommend to the house, therefore, is that we raise the maximum amount payable by an individual on the 4 per cent tax on personal income under the Old Age Security Act, from $120 per year, as it has been for the past three years, to $240 per year. This would yield about $135 million a year at current income levels. It would be effective from January 1st but since deduction at the source cannot start immediately, relatively little will appear in this fiscal year's accounts. The forecast effects of this change on the future years' accounts of the old age security fund are shown in a table which I would ask permission to place in *Hansard* at this point for the assistance of hon. members.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Editor's note: The table referred to is as follows:*]

TABLE 2

ESTIMATED POSITION OF O.A.S. FUND, 1965-66 TO 1971-72
($ millions)

Minimum Eligible Age	Fiscal Year	O.A.S. Pension Payments	Revenue from Present Taxes	Difference Col. (2)− Col. (1)	G.I.S.[1] Payments	Difference Col. (3)− Col. (4)	Revenue[2] from 1966 Change	Combined Revenues Col. (2)+ Col. (6)	Combined Payments Col. (1)+ Col. (4)	Annual Surplus or Deficit Col. (7)− Col. (8)	Balance in account at end of year[3]
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Jan. 1, 1966 Age 69	1965-66	927	1,169	+242	—	+242	—	1,169	927	+242	+217
Jan. 1, 1967 Age 68	1966-67	1,031	1,266	+235	70	+165	9	1,275	1,101	+174	+391
Jan. 1, 1968 Age 67	1967-68	1,146	1,381	+235	286	− 51	137	1,518	1,432	+ 86	+477
Jan. 1, 1969 Age 66	1968-69	1,296	1,427	+131	318	−187	147	1,574	1,614	− 40	+437
Jan. 1, 1970 Age 65	1969-70	1,464	1,505	+ 41	346	−305	157	1,662	1,810	−148	+289
Age 65	1970-71	1,619	1,590	− 29	367	−396	168	1,758	1,986	−228	+ 61
Age 65	1971-72	1,689	1,687	− 2	363	−365	180	1,867	2,052	−185	−124

[1] Represents estimated payments in respect of each fiscal year.

[2] Assumes new tax deduction tables can be put into effect on Feb. 1, 1967.

[3] Deficit of $25 million at March 31, 1965.

Mr. Sharp: It will be seen that with this increased maximum tax the requirements of the fund, to which the law directs our attention, are met until the end of the 1970-71 fiscal year, the first full year after the age reduction program is complete. By that time parliament will have had ample opportunity to review our whole tax structure and decide what should be done not only with this element of our taxes but with the old age security fund generally.

This tax change will affect only those taxpayers with taxable income exceeding $3,000 after all exemptions and deductions. This means that a married taxpayer with two children will not have any increase unless he is earning more than $5,700 a year—which is well above current average wage earnings. The proposed tax increase will affect only the upper third of present income taxpayers.

Some hon. Members: Hear, hear.

Mr. Grafftey: The Liberal party is the only party in history that can applaud a tax raise.

Mr. Speaker: Order, please.

Mr. Sharp: I continue.

Addition to General Revenues

The second tax change I am recommending is intended to add to our general revenues to provide the remaining cash required to pay the guaranteed income supplement.

The choice of the tax to increase for this purpose is a difficult one. Normally one would look to our regular personal income tax because, being progressive, it is one of our fairest taxes. However, we share this tax field with the provinces. We have emphasized to them in recent months that they have access to this field of taxation just as we do and must share responsibility for its use. We are proposing, as I have said, to abate our income tax for 1967 to make it easier for the provinces to raise theirs in order to help finance the rapidly growing burden of higher education. We will want to discuss with the provinces in the coming year or two various ideas proposed to reform the income tax so that we may achieve as much harmony as possible in our use of this most important tax field.

• (8:30 p.m.)

In these circumstances and having in mind the impending major overhaul of our tax system which we will undertake in the light of the report of the Royal Commission on Taxation, I have come to the conclusion that we should not use the personal income tax to raise the additional funds we need now. We must, at this time, as the provinces frequently have to do, rely upon other taxes to meet our increasing burdens.

In making the choice of taxes we must also keep in mind that the corporate income tax in Canada cannot get seriously out of line with that in the United States without endangering our competitive position. Already our competitive position is being weakened by recent increases in costs.

Sales Tax

I have come to the conclusion, therefore, that we should obtain the revenue we need by adding one per cent to our general sales tax, making it 12 per cent in total, instead of 11 per cent, with two exceptions.

Some hon. Members: Oh, oh.

Mr. Bell (Carleton): Shame, shame. You will never get away with it, never.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please.

Mr. Sharp: The only comment I wish to make, Mr. Speaker, is that if we had followed the advice of members on the other side of the house it would have led to much greater taxation increases.

Some hon. Members: Hear, hear.

Mr. Sharp: I hope that hon. members realize that the government in this respect is being responsible not only with respect to its expenditures but also with respect to its taxes.

Mr. Grafftey: I have always admired the minister's modesty.

Mr. Sharp: This will be done by amending the Excise Tax Act. I propose that this change take place January 1st so there will be no danger of confusion or price increases arising from it during this Christmas period. The foreknowledge of an increase as small as this for this short period should have no significant economic effects. The revenue authorities will be careful to ensure that sales which are properly taxable after January 1st are not attributed by some artificial action to the period between now and then.

Last spring, we decided that the sales tax should be removed from production machinery and equipment in two steps, one in April, 1967 and one in April, 1968. It is proposed that the one per cent increase in the tax now being made should not apply to these goods

for the three months before the changes now in the law come into effect.

I am also proposing that the increase in the sales tax should not apply to building materials. The government wishes to see more houses built in 1967. The competition of other demands for capital funds this past year has brought about a serious reduction in mortgage lending for the building of houses and particularly of apartment houses. Unless this trend is reversed it will lead to shortages of housing and increased rents. The government is pressing ahead with action under the National Housing Act, as recently amended, to help meet this situation. Most of the houses needed, however, must be financed and built by private enterprise, subject to market forces. We would not wish an increase in the sales tax to impede an expansion of house building at this time.

Mr. Bell (Carleton): But everything else. Everything else.

Mr. Sharp: I suggest again to my hon. friend who is interrupting that the expenditures he proposed would have compelled me to raise taxes—

Some hon. Members: Oh, oh.

Mr. Sharp: The indignation of my hon. friend is greatly misplaced.

Mr. Crouse: Why throw it on the Conservatives?

Mr. Speaker: Order, please.

Mr. Bell (Saint John-Albert): Live with Mitch. Sing along with Mitch.

Mr. Speaker: Order please.

Mr. Sharp: The yield of this increase in the sales tax at the current level of sales and prices my department estimates to be approximately $155 million a year, taking the exemptions into account. It should add about $20 million to this year's revenue.

We shall wish to reform our sales tax as well as our other taxes over the next few years. I recognize, just as I am sure all members of this house recognize, that any sales tax cannot fully take into account ability to pay, although our tax, which exempts food, fuel and services, is better than many. Over a fairly wide income range it is proportional or mildly progressive in its incidence. Taken in conjunction with our progressive income tax, and the heavy taxes on certain items such as liquor, it produces an over-all result which is reasonable. We will examine this over-all result in revising our tax structure and will aim, of course, at a fair incidence of the total of taxes and benefits after our reforms are made.

The increase in sales tax can be expected to increase the prices of those goods subject to it—though just how much will depend on the market conditions in each commodity and in various distribution channels. Indeed in some cases the increase may not be passed on. Certainly it should increase the cost of living by much less than one per cent, taking into account that services and a wide range of goods are exempt. I should remind consumers that virtually all foodstuffs are exempt from the sales tax and therefore this increase in rate will have no effect upon this very important portion of their expenditures.

Conclusion

Before concluding, I would ask permission to place on *Hansard* at this point for convenient reference a brief table showing our revised forecast of revenues and expenditures this fiscal year, and the old age security revenues and expenditures and other non-budgetary requirements after taking the proposed tax changes into account, compared with the forecasts made in the budget in March.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Editor's note: The table referred to above is as follows:*]

TABLE 3

	Fiscal Year 1966-67	
	March Forecast	December Forecast
	(Millions of dollars)	
Budgetary Revenues	8,300	8,260
Budgetary Expenditures	8,450	8,580
Budgetary Deficit	−150	−320
Old Age Security Payments	1,035	1,051
Old Age Security Revenues	1,277	1,275
Surplus of Old Age Security revenues over payments	+242	+224
Other Non-Budgetary Requirements, net (after including yield of refundable tax)	−432	−557

Mr. Sharp: In conclusion, Mr. Speaker, I think I should recall the positive, humanitarian purpose which motivates us tonight.

Some hon. Members: Oh, oh.

Mr. Sharp: We are creating in Canada a most complete system of old age pensions.

Some hon. Members: Hear, hear.

An hon. Member: The best in the world probably.

Mr. Sharp: One of my colleagues says it is probably the best in the world.

Mr. Grafftey: I admire the minister's modesty.

Mr. Sharp: For the long term we have the combination of the basic old age security pension and the Canada Pension Plan. For those in special need we have the Canada Assistance Act. For those already retired or retiring in the next few years and whose incomes are small we will have this guaranteed income supplement. All Canadians will share its cost under the measures proposed tonight. It is fitting in this Christmas season that we should be engaged in making a major contribution to the comfort and dignity of our senior citizens.

Some hon. Members: Oh, oh.

Some hon. Members: Hear, hear.

OLD AGE SECURITY ACT RESOLUTION

Resolved that it is expedient to amend the Old Age Security Act to provide that for the 1967 and subsequent taxation years the maximum amount of old age security tax payable on the taxable income of an individual be increased from one hundred and twenty dollars to two hundred and forty dollars.

EXCISE TAX ACT RESOLUTION

Resolved that it is expedient to amend the Excise Tax Act to provide that, effective January 1, 1967, the rate of the consumption or sales tax imposed under section 30 of the said Act be increased from eight per cent to nine per cent with respect to all goods subject to the said tax, except articles enumerated in Schedule V to the said Act and building materials that were exempt from the said tax immediately prior to June 14, 1963.

Hon. J. W. Monteith (Perth): Mr. Speaker, the Minister of Finance started off this evening trying to maintain throughout his speech a tone of sweet reasonableness. So reasonable were the minister's remarks that there was an almost complete lack of applause from his side of the house.

An hon. Member: Oh, no.

Mr. Monteith: Oh, yes. What happened when he announced the increase in personal income tax from $120 to $240? What happened when he announced the increase in sales tax, which means, incidentally, that he is presuming to impose the sales tax on the old age pensioners? He is taking the pensioners' benefits away in higher sales taxes. The sales tax hits everybody. There has been nothing in the minister's remarks to change what I had intended saying.

Miss LaMarsh: It would not have been much of a speech.

Some hon. Members: Oh, oh.

Mr. Monteith: We fully expected that there would be increases in taxation. This budget has been called a mini-budget. That name is applicable to it. It should be compared with a mini-skirt. Taxes are getting higher and higher but covering less and less. The budget has been said by the minister to contain a Christmas present for the older people of Canada. I claim that this is no Santa Claus budget but a Scrooge budget. It appears to me that tonight a quotation from Charles Dickens well describes the minister—"with affection beaming in one eye and calculation shining out of the other."

• (8:40 p.m.)

Before discussing the details of the budget, let us turn for a few moments to a matter of urgency which is now before the Canadian people, and to a situation which is in itself a reflection of the inaction of the Minister of Finance. I refer to the inept handling of the Prudential Finance shambles—

An hon. Member: By the province of Ontario.

Mr. Monteith: As I understand the situation, this company had a provincial charter but operated outside Ontario as well.

Some hon. Members: Oh, oh.

Mr. Monteith: The company has failed dismally, causing untold hardship to countless citizens who had every reason to suppose their life earnings were safe. Many hundreds are destitute. This sort of thing has gone far enough. How many more financial calamities will there be before this government acts?

An hon. Member: Ask Robarts.

Mr. Monteith: There seems to be a difference of opinion as to the extent of federal and provincial jurisdiction in certain fields of finance. To a degree I think these differences arise because of the lack of a proper

definition of banking. During recent meetings of the committee on finance, trade and economic affairs almost all witnesses have indicated their belief that there should be an alternative to the present definition which simply says that a bank is "a bank to which this Act applies". Then a list of banks is given in a schedule. I suggest that the government should at least take action to the extent of asking the Supreme Court of Canada for a decision; otherwise we could go on forever suffering confusion. I know there is no law which prevents any individual from accepting money and paying interest thereon, but when corporations set themselves up in the business of taking loans, then surely protection should be afforded to persons lending money to such corporations.

The minister told us he acted in the only way open to him; he could not have done other than he did. I say he was wrong. Whether or not Mr. Gruber expected the Minister of Finance to pass on his warnings to the Ontario authorities is beside the point. I say the minister should have done so. It was his duty. The fate of hundreds and hundreds of depositors was at stake. The minister says it was none of his business. I say it was. Surely he owed something to those people all over Canada who today are suffering from this mess.

The minister has not only been negligent; he has done a great deal of damage to the reputation of sound and reputable Canadian insurance companies. On December 12 he made statements both inside and outside the house which could have implied that only British and foreign companies were dependable and safe. The inference was that Canadian companies do not have any securities deposited with the Department of Finance in Ottawa. In this connection I would refer to a letter which I have received from the managing director of a Canadian insurance company. He writes:

> As you probably know, a good deal of damage to the reputation of Canadian insurance companies has been done, principally because of the impression created that the Canadian companies do not have any deposits at all in Ottawa.

Mr. Speaker: Order. I hesitate to interrupt the hon. member but it seems to me there are too many conversations taking place in the chamber at the moment.

Mr. Monteith: Thank you, Mr. Speaker. I know there have been many complaints from the other side concerning the contents of the budget, and of course they are taking it out on my speech.

The managing director goes on to say:

> As one of the smaller Canadian companies we have deposits with the minister in excess of $400,000 and of course comply fully with the requirements of the department. Our securities are held for safe custody by a trust company in their vault. The provisions of our by-laws insure that no securities can be released except on the signature of two officers of the company and consequently there would therefore have to be collusion to execute any misappropriation. Actual instruments never go through this office, but are handled exclusively by the trust company and, as a further safeguard, all officers and members of the staff are bonded.

The letter goes on to point out that the minister's somewhat half-hearted retraction received considerably less publicity than his original damaging statement. The damage has been done, the writer states. The minister should make a stronger retraction. I suggest this is an example of the ineptitude with which the minister has been handling this whole affair, offering nothing but alibis.

Mr. Howard: Would the hon. member permit a question Would he mind identifying by name the insurance company whose managing director he has just quoted?

Mr. Monteith: I have no objection. It is the Perth Mutual Fire Insurance Company of Stratford. The minister even procrastinated about the one small step he has taken in the hope that it might eventually provide some protection. His deposit insurance legislation is not obligatory on institutions other than the chartered banks, so I understand, and the chartered banks do not need it. The most important aspect of this matter, however, is that we have not seen the legislation. It has been promised for months and months, and when asked about it the minister simply says, "soon". This ridiculous situation has existed continually since the finance committee has been meeting to study amendments to the Bank Act. We have expert witnesses appearing before us; yet we can only ask hypothetical questions because the legislation is not available to us. It is an unbelievable situation.

I would also make a strong complaint about the lack of action on the part of the Minister of National Revenue (Mr. Benson) in the deplorable bankruptcy of Prudential Finance. When the officials of his department heard allegations of possible fraud, why did his income tax inspectors not make an investigation for income tax purposes? He would have been justified in taking such action. It is easy to conclude what would have been the result if he had taken this step. The minister should not suggest it would be improper to take this

action. We know his inspectors often make investigations of taxpayers on less evidence than was available in this case.

Income tax inspectors often take action after receiving anonymous tips. Maybe these are provided to the department out of pique, jealousy, or for some other reason. Sometimes, I understand, the department even pays rewards for such information. Here we have a case where a definite warning has been ignored. Had the minister acted promptly something, at least, might have been saved.

• (8:50 p.m.)

Now let us look at tonight's budget. In a way it too is in the pattern of this government's failure to look at Canada and the practical needs of our people. Mr. Speaker, I suggest this budget presented to us tonight should never have been delivered. There is no need for it. True, the minister said last September 8 he would present a budget this autumn. But that was last September. He knows the economic situation in Canada is standing still, if not in a recession, and I suggest the minister is not doing anything to improve the situation.

If any second budget is necessary then it should only be because of a real crisis. I claim there is not that crisis to bring on this effort of the minister's tonight, even though there has been plenty of poor planning. All this is going to do is make it more difficult for the average person to get by in his or her day-to-day existence.

Some hon. Members: Hear, hear.

Mr. Monteith: We have faced, are facing, and will in the future face frightening increases in the cost of living. Is it really any wonder that we have been having demands for larger pay increases? The housewife goes marketing and she finds food, clothing, whatever it may be, continuing to rise in price and at a rapid rate. She goes home and tells her husband and naturally he is unhappy and anxious to demand higher pay, but the Pearson formula of wage increases has set standards which can have only one outcome. The resultant increased costs have not even been felt yet, and now the minister takes another slice off the husband's take-home pay.

It is interesting to compare some of the prices the housewife in Canada pays compared with those the housewife pays in the United States. I have here a comparison list of food prices in Canada and the United States. I have taken prices from advertisements in the Ottawa *Journal* of December 14, and American food prices from advertisements in the Washington *Post* of December 12, just two days previous.

In Canada sirloin steaks were advertised at 97 cents a pound; in Washington they were advertised at 87 cents a pound. Bacon in Ottawa was advertised at 89 cents a pound and in Washington at 65 cents a pound. Chicken breasts were advertised in Ottawa at 65 cents a pound and at 45 cents a pound in Washington.

An hon. Member: What size?

Mr. Monteith: Frozen french fries were advertised at 59 cents for two pounds in Ottawa and at 29 cents for two pounds in Washington. Hon. members opposite may think this is funny, but the average Canadian housewife does not think it funny when she goes to the supermarkets.

Some hon. Members: Hear, hear.

Mr. Monteith: I give one more example. Picnic ham was advertised at 49 cents a pound in Ottawa and at 37 cents a pound in Washington. These are just five items from the list. The housewife in Washington is paying considerably less for food than the housewife at the local supermarket in Canada.

Mr. Bell (Carleton): And the salaries are better in the United States.

Mr. Monteith: Yes, the salaries are better. There are many things that the minister could have done to bolster our economy at this time when it is so direly in need of bolstering. He could have accelerated the withdrawal of the sales tax on building supplies and materials. This would have encouraged home construction, so badly needed. Tonight the minister apparently thought he was doing quite a thing when he refused to add the extra 1 per cent sales tax on to building materials, but he has left the tax on construction materials. If he really wanted to do something to encourage the Canadian economy I repeat that he could have accelerated withdrawal of the 11 per cent sales tax on building supplies.

He could have rescinded the 5 per cent forced savings tax on certain corporations. This would assist in expanding production to meet the demand and help combat inflation. He could have abolished the amendments to the Income Tax Act introduced by his predecessor, which were supposed to encourage minority Canadian ownership in foreign controlled companies. It has not worked. The minister knows it, and abolishing it might

have stopped some repatriation of funds to the United States.

But the best thing of all that he could have done would have been to admit his error and not brought down a budget until next spring.

Some hon. Members: Hear, hear.

Mr. Monteith: Mr. Speaker, all predictions seem to be that tight money is here to stay for some years. When a company like Imperial Oil issues 20-year debentures at 6¾ per cent, non-callable for 12 years, it is easily seen what it thinks of the money market. These high interest rates can only add to the cost of production and the high cost of living. Mr. Speaker, we are being squeezed out of the markets of the world by the restrictive and negative approach that the government has been taking.

Why does not the government itself practice some economy and set a pattern for others, particularly other governments? Surely this would be the first step in any sensible approach. Mr. Speaker, I claim the government is guilty of gross fiscal mismanagement.

Some hon. Members: Hear, hear.

Mr. Nielsen: Spending money like a drunken sailor.

Mr. Monteith: Let us look for a moment at Canada's economic condition and ask ourselves what will be the effect of more taxation. Look at housing. In the third quarter of this year house construction dropped by 25 per cent, from 49,551 units to 37,145 units. Housing construction is in a serious position, so what does the minister do? Tax more.

Look at the stock market. There is actually a net outflow of funds to the United States because American equity stocks now look so attractive by comparison with prospects here. This is a dreadful commentary on the state of Canada on the eve of its centennial. In the first eight months of 1966 we had a net outflow of $308 million compared with $174 million in the same period of 1965 and only $53 million in the same period of 1964. So we tax more.

We should be encouraging Canadians to invest in their own country. This is not the time to raise taxes in Canada. There are many signs that while the cost of living continues to rise, there is a tapering off or a slowdown ahead in economic activity. This is happening both in Canada and in the United States.

Car production and steel production have declined in the United States. New car sales are down. A particularly volatile item is the level of debt in the United States. The average United States consumer is now paying out 22 per cent of his income to pay off debt, compared with 19 per cent only six years ago. The consumer, so important in maintaining a boom, is in no position to increase his spending in that country.

Similarly, Mr. Speaker, in Canada consumer credit is high. Total consumer credit now stands at over $7,000 million, compared with only $4,000 million just six years ago. The cash loans of consumer loan companies now are double the level of just six years ago. The personal loans of chartered banks are some $2,370 million, nearly double the level of just over two years ago.

Our people are so in debt and our financial institutions are so lent out that there is a real danger that demand cannot be sustained in the consumer sector of the economy. Yet this is the time the government adds to the burden by increasing taxes. President Johnson has held off any tax increase in the United States; yet our government goes ahead in its stubborn way. I wonder whether the Minister of Finance really does know the state of the Canadian economy. Dr. Deutsch, the distinguished head of the Economic Council of Canada, had this to say before the joint committee on consumer credit:

• (9:00 p.m.)

> At the present time the economy is flattening out. Up to recently, it has been fully loaded, until this flattening out. It may be a little overloaded in some respects. If this flattening out continues and even goes down, it will not be overloaded.
>
> Only a few months ago, the economy was fully loaded and in some ways overloaded; but since then there has been a flattening off and the pressure has come off a bit and the problem now is, is this flattening out going to continue and become a turndown. If it is there will be room then for production—

A few lines later, he continues:

> If it flattens off, it will not take long before you find yourself not absorbing your labour force and you are really not using your capacity. The question now is: do we continue to flatten out or go up again, or will we go down?

That was Dr. Deutsch speaking. At that time he intimated that there are signs pointing in both directions. What does the Minister of Finance say about all this? Incidentally, these are the remarks of Dr. Deutsch when he was speaking on November 24 and they are reported at pages 1540 and 1541 of the minutes of proceedings and evidence of the joint committee of the Senate and the House of Commons on consumer credit. It was only two

weeks later, on December 9, that the minister declared that there is nothing to this talk at all. The minister replied to a question asked in the house by the hon. member for Northumberland (Mr. Hees). The hon. member referred to the statement made by the president of the Banque Canadienne Nationale which contained the following words:

> The current state of the economy presents a forewarning of an impending recession or at least a very serious slowing down of the growth.

What did the minister say? These are his words:

> This is not the consensus of view of all economists in the country, least of all is it the view of one of the most eminent advisers, the head of the Economic Council of Canada.

Mr. Speaker, I suggest that the minister get together with Mr. Deutsch. Whose advice are we taking? Which way are we going?

An hon. Member: Not your way.

Mr. Monteith: Mr. Speaker, I should like to reiterate that this party is against the means test. Our party's position is firmly against the means test in old age security. Now we have added the other side—a mean tax. We have proposed a $100 a month pension to all pensioners at an estimated additional cost of $100 million.

We are against the government's new gimmick. I should like to point out why. It reintroduces the means test which has been abolished since 1951. The minister has said that out-of-country benefits will not be paid because they are too hard to investigate. Are we going to bring back the régime of the prying eye? We are against it because it does nothing for the pensioners who are faced with cost of living increases, and again tonight there is going to be an increased cost of living to the pensioners. The $75 a month to the pensioners, given later in 1963, is worth a lot less today. The consumer price index has jumped nearly 12 points since the last pension increase. Today's pension of $75 is worth less than $66 in real terms. Yet nothing is being done to improve the lot of these Canadians.

Mr. Ricard: Another one per cent has been added to the sales tax.

Mr. Monteith: Yes, another 1 per cent has been added to the sales tax tonight which will have to be met by those in the middle and high income groups. I am not pleading the case for those in the high income brackets. I am thinking of those in the low income brackets. I should like to ask the Minister of Finance what is the size of the old age security fund. I believe he gave us that information this evening. I think it was $353 million as at the end of October. What right is there to overtax the Canadian people and hold out on our old age pensioners? Is the government by any chance holding off until the eve of another election?

I realize that the cost of social welfare has to be met, but I understand that the legislation concerning the Canada Assistance Plan has not yet been proclaimed and that no payments are to be made under the old age security amendments which are now before us until at least next March or April. But then, this is Christmas. As Dickens said of Scrooge:

> And it was always said of him that he knew how to keep Christmas well, if any man alive possessed the knowledge.

I ask, Mr. Speaker, why bring in this tax now and further dampen down the economy? The date of the next regular budget would have been plenty early enough. Psychologically this is not the time to increase any taxes. To me this budget seems to be an exercise in nonsense. It is not needed and will only put a further brake on our economy and again increase the cost of living as do all taxes.

This budget obviously does not meet the needs of Canadians today. I therefore move, seconded by the hon. member for Saint-Hyacinthe-Bagot (Mr. Ricard):

> That all the words after "that" be struck out and the following substituted therefor:
>
> The government give consideration to meeting the proposed selective means test payments for old age pensioners by drawing on the surplus now in the old age security fund, before any increase be made in the oppressive burden of general taxation whose effects at this time will intensify rather than alleviate the hardships being experienced by Canadians generally, whose living standards are being seriously reduced by inflation and by the steadily rising cost of living.

Mr. Speaker, may I adjourn the debate?

Some hon. Members: Agreed.

Mr. Speaker: Order, please. Perhaps someone else might move the adjournment because the hon. member at this point has an amendment before the house. I am sure there will be no difficulty about someone else moving the adjournment of the debate.

Mr. McIlraith: Mr. Speaker, I move the adjournment of the debate.

An hon. Member: It was moved over here.

Mr. Monteith: May I move the adjournment of the debate, Mr. Speaker?

• (9:10 p.m.)

Mr. Speaker: Of course, there is the procedural difficulty that the hon. member cannot put two motions at the same time. Perhaps the simple solution would be to allow the amendment to stand, which would have the effect of allowing the hon. member for Perth to move the adjournment of the debate. The amendment could then be formally put when the debate was resumed.

Mr. Monteith: I should like to allow my amendment to stand, Mr. Speaker.

Mr. McIlraith: I move the adjournment of the debate, Mr. Speaker.

Mr. Speaker: Order, please. In order to make this clear let me understand what the hon. member for Perth wishes. Do I take it he has suggested that his amendment be put formally when the debate is resumed and that in the meantime he will move the adjournment of the debate?

Mr. Monteith: No, I meant to put the amendment formally at this time. You then ruled that I could not move the adjournment of the debate.

Mr. McIlraith: Mr. Speaker, I move:

That the debate be now adjourned.

Mr. Fulton: Mr. Speaker, with all respect I think there is a precedent for the proposition of the hon. member for Perth. An hon. member speaking on the main motion may move an amendment. After moving the amendment it is put and he then moves the adjournment of the debate. As soon as the amendment is put the hon. member is speaking to the amendment and at that stage he moves the adjournment of the debate.

Mr. Speaker: If the hon. member can cite a precedent in support of the proposition he is advancing I will consider it, but I am advised to the contrary. Since there seems to be little consequence I wonder whether the easiest way to proceed is that to which the hon. member for Perth has agreed. I assume that what he intended was to continue his speech later.

Mr. Monteith: It was my desire to move the amendment but you intimated, sir, that having done so I could not adjourn the debate and continue my speech later.

Mr. Speaker: In view of the circumstances I repeat my suggestion, that the motion to adjourn the debate be allowed to remain in the name of Mr. McIlraith. Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

OLD AGE SECURITY AMENDMENT

PROVISION OF GUARANTEED INCOME SUPPLEMENTS AND DETERMINATION OF PENSIONERS' INCOMES

The house resumed consideration in committee of Bill No. C-251, to amend the Old Age Security Act—Mr. MacEachen—Mr. Batten in the chair.

On clause 4—

The Chairman: When the committee rose earlier this evening new section 21 of clause 4 had been stood.

Mr. MacEachen: Mr. Chairman, when the committee rose we were discussing new section 21, paragraph (c) of clause 4. Hon. members raised a point in respect of paragraph (c) which reads:

(c) fails to return a cheque for the amount therefor as required by section 20, or

It was argued that a person who merely failed to return a cheque should not be regarded as punishable on summary conviction. I might point out that this merely carries forward a paragraph which has existed in the Old Age Security Act. However, after considering the eloquent point made by the members of the opposition I am prepared to have my colleague, the Minister of Transport, move the following amendment:

That paragraph (c) of new section 21 of clause 4 be deleted and that the word "or" be inserted in line 30 and that paragraph (d) be renumbered as paragraph (c).

Mr. Pickersgill: Mr. Chairman, I so move.

The Chairman: Is the committee ready for the question?

• (9:20 p.m.)

Some hon. Members: Carried.

The Chairman: Shall the amendment carry?

Amendment agreed to.

The Chairman: Does this complete the discussion on new section 21?

Some hon. Members: Agreed.

Old Age Security Act Amendment

The Chairman: Shall clause 4 carry?

Mr. Knowles: As amended.

Clause as amended agreed to.

The Chairman: The committee will now revert to clause 3, new section 17.

On clause 3—

Mr. MacEachen: Mr. Chairman, the hon. member for Winnipeg South Centre proposed an amendment which was not put to the committee. He asked to have his amendment considered and suggested that if I could put the essence of it in suitable words he would be agreeable to considering my effort. I am quite agreeable to accepting the intent of the amendment, which was to make clearer the purpose of this particular subsection of new section 17.

In this particular provision we had in mind that the Minister of National Revenue would be empowered to give a report to the Minister of National Health and Welfare with respect to the income of applicants or beneficiaries of the supplement. There was some fear that this report might take the form of an income tax return from the Department of National Revenue to the Department of National Health and Welfare. Accordingly the hon. member for Winnipeg South Centre proposed an amendment to strike out all the words after "purpose" in new section 17 (3) (a), line 46, page 9, and substitute therefor: "a report as to the accuracy of the information concerning income submitted by the applicant".

During the dinner adjournment I have considered this amendment and am quite prepared to accept its intent, namely, that a report be given by the Department of National Revenue to the Department of National Health and Welfare. I have gone further and am prepared to delete the words "any information" from line 47 in the relevant subsection.

I am also prepared to delete from paragraph (a) of new subsection (3), lines 2 and 3 on page 10, the words, "or otherwise relating to any such applicant". These were the offending points, as I understood them. I am quite prepared to accept the clarifications proposed by members of the committee. Accordingly, Mr. Chairman, I will read to the committee the proposed amendment, which I have in both languages and which if acceptable might be moved by the hon. member for Winnipeg South Centre. There would be a new section 17, subsection (3), paragraph (a) which would read as follows:

(a) the Minister of National Revenue or any person designated by him for the purpose may, upon the request of the minister, for any purpose relating to the administration of this act,—

This makes it clear with respect to the purpose.

—furnish to the minister or to any officer or employee in the Department of National Health and Welfare designated by the minister for the purpose, a report providing information available to the Minister of National Revenue relating to the income or income from a particular source or sources of an applicant or beneficiary or the spouse of such applicant or beneficiary; and

The reason I have deleted the word "accuracy" is that there might be a presumption in the amendment moved by the hon. member for Winnipeg South Centre that the information in the files of the Department of National Revenue was the correct information, while it is just as likely that the information provided on the form submitted by the applicant to the Department of National Health and Welfare would be accurate. It is for this reason that the word "accuracy" was removed, merely to remove the presumption that the information in the files of the Department of National Revenue was the accurate information, when it is just as likely that the information in the form submitted to the Department of National Health and Welfare would be as accurate. If this is agreeable to the committee, I would be happy if the hon. member for Winnipeg South Centre would move this amendment.

Mr. Churchill: Mr. Chairman, it is very kind of the minister to suggest that I should do this, but I am not certain whether his wording is exactly what I would recommend if I had time to study it. I should like to be even more charitable and allow the Minister of Transport to move this amendment. He had such difficulty striking out a clause that I should like him now to have the opportunity of putting one in.

Mr. Pickersgill: I am delighted and flattered, and I so move.

The Chairman: Order. Before the Minister of Transport moves this amendment, perhaps the hon. member for Winnipeg North Centre—

Mr. Knowles: Winnipeg South Centre.

The Chairman: —the hon. member for Winnipeg South Centre would like to withdraw the amendment he moved earlier this evening.

[The Chairman.]

Mr. Churchill: Yes, Mr. Chairman, I withdraw the earlier amendment.

The Chairman: The amendment is withdrawn.

Mr. Pickersgill: I so move the amendment referred to, Mr. Chairman.

The Chairman: The Minister of Transport moves to delete paragraph (a) of subsection (3) of new section 17 of the bill and substitute therefor:

(a) the Minister of National Revenue or any person designated by him for the purpose may, upon the request of the minister, for any purpose relating to the administration of this act, furnish to the minister or to any officer or employee in the Department of National Health and Welfare designated by the minister for the purpose, a report providing information available to the Minister of National Revenue relating to the income or income from a particular source or sources of an applicant or beneficiary or the spouse of such applicant or beneficiary; and

Mr. Churchill: Mr. Chairman, I want to say a word here. This amendment goes part way toward what we were asking and is perhaps a remarkable concession on the part of the minister, who has been rather reluctant to accede to any of our requests. It does not go the full way. It still does not put it the way we wanted it put, namely, that the Minister of National Health and Welfare would submit his information to the Minister of National Revenue who would thereupon declare whether it was accurate or inaccurate. But I believe that in view of the concession made by the minister, which will improve his standing with the opposition, perhaps we might let this go through on division.

• (9:30 p.m.)

The Chairman: Shall the amendment carry?

Mr. Ballard: Mr. Chairman, I am wondering about the workability of this amendment as it is now proposed. It is all right to say under this legislation that the Minister of National Revenue may—I emphasize the word "may"—supply this information, but if memory serves me correctly section 133 of the Income Tax Act forbids the minister or any employee of the Department of National Revenue supplying this type of information to anyone. As a matter of fact it has been a longstanding custom of the Department of National Revenue to treat all information supplied to it by taxpayers in a very confidential manner. The sort of amendment which is proposed now endangers the tradition of confidentiality between the Minister of National Revenue and the individual taxpayer.

I believe that this year an amendment was made to this particular section of the Income Tax Act which leaves a slight loophole in the law. This was demonstrated in a recent case in Ontario where a court was able to call on an employee of the income tax department to supply certain information in connection with an estate. I cannot recall the name of the case at the moment but this information was supplied by the income tax department. I think this was probably the first instance of the department supplying such information except in a criminal case.

I suggest that this amendment does not do what the hon. member for Winnipeg South Centre intended it to do. I suggest that the legislation is permissive but that the Income Tax Act is self-restrictive in this matter. Therefore the suggestion of the hon. member for Winnipeg South Centre should be heeded and the amendment worded in such a way that the Department of National Health and Welfare can check the veracity of statements made by old age pensioners but on the other hand the Department of National Revenue cannot be asked to make its files available even to another government department. Therefore I think that the amendment must be reworded.

The Chairman: Shall the amendment carry?

Some hon. Members: Carried.

Mr. Churchill: On division.

Amendment agreed to.

The Chairman: Shall clause 3 carry?

Mr. Churchill: Mr. Chairman, I had an understanding with the Minister of National Health and Welfare that in answer to the Leader of the Opposition and the hon. member for Peace River and before we completed discussion of the bill in committee an opportunity would be given to exchange opinions across the house on a certain matter. I think it should be considered under clause 3 because the discussion started on Friday under this same clause. I am speaking about the constitutional issue which was raised by the two hon. members on this side of the house.

Mr. MacEachen: Mr. Chairman, I am quite happy to make whatever few remarks I can on this subject at this time in the committee rather than later. Hon. members opposite have quoted frequently section 94A of the British North America Act which provides

that the parliament of Canada may make laws in relation to old age pensions and supplementary benefits including disability benefits, irrespective of age but no such law shall affect the operation of any law, present or future, of a provincial legislature in relation to any such matter. We believe that section 94A of the British North America Act provides the authority to the parliament of Canada to legislate in the field of old age pensions. That right has been exercised by previous governments and it is a right which still exists.

If it is constitutionally appropriate for the parliament of Canada to legislate an increase of $10 a month or $25 a month in old age pensions, then this supplement is granted on exactly the same basis. We believe that the parliament of Canada has jurisdiction in the field of old age pensions. We also believe that the provinces of Canada have concurrent jurisdiction in the field of old age pensions. There is one example in Canada at present of a province paying an old age pension. The province of Prince Edward Island is now paying an across-the-board increase of $25 a month in old age pensions. This step was taken by the former government of Prince Edward Island and the payments are still continuing.

There is a provision in this bill by which any supplement or pension paid by a provincial government will not disqualify a recipient from receiving the benefits of the Old Age Security Act or the benefits of the supplement. At least in this case there is nothing to prevent the pensions payable in Prince Edward Island from continuing and the pensions proposed in this legislation from being paid to the citizens of Prince Edward Island, so that each jurisdiction is exercising its authority.

The right hon. Leader of the Opposition and other hon. members have asked me to speculate on what the situation would be if the province of Quebec were to establish a system of guaranteed income in that province. As has been pointed out by the hon. member for Dollard, we are faced with a statement of intention contained in the speech from the throne in that province, and it certainly would be unwise for me to attempt to describe a situation based on hypothetical assumptions. Members of the opposition have asked what would be the situation if such and such happened. It certainly would be very unwise and improper for me to go beyond what I have stated already. When hypothesis becomes reality, that would be the occasion to make a statement on what would be the situation in these circumstances. This summarizes all I have to say on this particular question at the present time.

Mr. Diefenbaker: Mr. Chairman, that answer was one which must have taken considerable contrivance because it answers nothing. It bases the refusal to give an answer on the fact that the question asked is hypothetical. There is nothing hypothetical whatsoever in the declaration which was made by Premier Johnson of Quebec nor in the declaration of intention in the speech from the throne. It is of significance that the government of Canada did not act in bringing forward legislation on this question until the declaration of intention was made by the government of Quebec in the speech from the throne.

• (9:40 p.m.)

What the minister said was simply, if I understand it, that there is nothing to prevent a province from providing old age pensions, that the section in question of the British North America Act constitutes a declaration of equality, as it were, between the federal and provincial authorities on the subject of old age pensions. But he does not meet the problem by pretending there is something hypothetical about the matter. He says that the questions are founded on hypothesis. They are founded on an actual declaration. It was apparent that the reason the government rushed on with this legislation was its concern to offset the effect of any action taken by the government of Quebec. The problem cannot be brushed off in the manner the minister is attempting. What he actually says is that he will wait and see. That has been the attitude of this government. They have done a lot of waiting in respect of everything that has come forward.

In this case they face a situation where the government of Quebec contends that when it legislates on the subject of old age pensions that subject falls within the jurisdiction of the province. The provincial authorities have some ground for believing that the federal government only has jurisdiction if it has not been countermanded by subsequent action by a province making declarations and legislating.

What is the attitude of the federal government today? Are they going to pay a sum to any provincial government that takes itself out of the federal old age pension plan or assistance plan? That is the question you have to face. Has it been discussed in any way at

any of the dominion-provincial conferences? Has a legal opinion been secured from the law officers of the crown? My information is that there has been an opinion from the law officers, and the house has the right to see it. The government should produce that opinion. There is nothing confidential in respect thereof. Legal opinions used to be regarded as not available. In recent years, however, the trend has been in the direction of making such opinions available.

I say to the minister that the brush-off he gives to a matter that is serious in respect of the national unity of our country cannot be excused. We want to know where the government stands, if it knows. Surely it cannot have contemplated bringing a plan such as this before the house without having weighed the situation. Furthermore, since the declaration of the government of Quebec an anomalous situation has been created which demands that the view of the federal government be given. I impress on the minister the necessity of going farther than he has gone. We are not to be brushed off with a cursory statement that is meaningless and brief. What attitude does the Canadian government take?

The Minister of Manpower and Immigration is quite an authority on the subject of constitutionality. He had strong views about the C.N.T.U. and the right of the C.N.T.U. to bargain within the province of Quebec. Those were his declarations before he became a minister. After he became a minister he forgot all the declarations he had made in that connection in the past. I should like to hear from him because invariably he seems reluctant to enter the discussions when the question of constitutionality arises. Is he of the same view that he was three years ago which was, as I recall it, that old age pensions came within the jurisdiction of the provinces?

Mr. Bell (Carleton): He nods his head.

Mr. Diefenbaker: He nods his head affirmatively. This indicates that the two ministers had better get together. I say to the Minister of National Health and Welfare that he can afford to sit at the feet of Camelia, Camelia in the form of the Minister of Manpower and Immigration. The Minister of Manpower and Immigration has effectively accepted the proposition I have advanced.

Mr. Pickersgill: Oh, well—

Mr. Diefenbaker: No, I did not ask the Minister of Transport what his opinion was, but with his customary restraint he has propelled himself into a subject about which at the present time he has revealed no knowledge. Has he consulted with the minister of manpower in this connection?

Seriously speaking, however, this again indicates the cabinet solidarity that prevails. One wing takes one view and another takes the opposite view, and the minister says, "Do not ask me, I am not making any declaration on this question because it is hypothetical". It was not hypothetical when the Minister of Manpower and Immigration mounted his charger of provincial autonomy in this connection.

The Minister of Manpower and Immigration was one of the most eloquent of men before coming to the House of Commons. Since then he has maintained, with one exception, a discreet silence. The exception had to do with the Ottawa terminal bill. He rushed in and got into an argument one day and gave his view. The Prime Minister came along and shrugged the whole thing off to one side. The government withdrew the bill to save the Minister of Manpower and Immigration from the embarrassment which we are all glad he was saved from.

Mr. Prud'homme: What has happened now?

Mr. Diefenbaker: Now there is a young man with views. I wish I had his faith, because he is tremendously interested in expressing his views outside the house in connection with this problem. He has not expressed them in the house because they would come in conflict with what the government has declared.

Mr. Prud'homme: Come on, be serious.

Mr. Diefenbaker: I am trying to understand the views of the minister. I want the views of the minister speaking for the government. At the present time I have not experienced any degree of success. It is most amazing the degree to which this government, when faced with problems, endeavours to dissipate them by not discussing them. They believe that problems go away. That is what happened to the Minister of Finance in connection with companies in Toronto. He thought the problem would go away but now it is on the doorstep. That is why this problem is now on your doorstep. You do not clear up matters such as this by saying, "Well, I am not going to discuss mundane matters such as hypothetical questions."

Old Age Security Act Amendment

• (9:50 p.m.)

I do not intend to say anything which will be in disagreement with the Minister of Manpower and Immigration or, indeed, with the parliamentary secretary to the Prime Minister, who is not present on this occasion but has expressed himself in stentorian tones about the rights of his province under this great national plan of co-operative federalism. We have plenty of time to hear the minister on this subject. We want to know what his stand is on this question. What does he intend to do? I ask the simple question: If legislation such as has been promised is brought in, is a subsidy to be handed to the government of the province of Quebec? Hon. gentlemen opposite have to face this question. This legislation will be meaningless unless it covers Canada.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: But you do not go about covering Canada unless, constitutionally, you have the right to do so.

Mr. MacEachen: May I ask the Leader of the Opposition a question? Is there any doubt in his mind as to the constitutionality of this bill, the right of the federal parliament to legislate this bill? That is a simple question.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: That does not in any way give an answer to the question I asked.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: You have the right under that section, provided the province does not exercise its right. The provinces enjoyed a particular right when the agreement was entered into between the federal and the provincial governments to permit this amendment to the constitution. What was accepted was that the provinces would still have this right.

An hon. Member: They do.

Mr. Fairweather: Not if it is occupied.

Mr. Diefenbaker: We are all getting into the act. Hon. gentlemen opposite think that by hiving together, as they are doing now, they will frighten us. But even when they hive together they are separate as far as the views of some of them and the views of the Minister of Manpower and Immigration are concerned. We want to know what the government intends to do about this. I should like to hear from the Minister of Manpower and Immigration. He is usually so vocal about these things; he can speak without any preparation or knowledge of the subject.

[Mr. Diefenbaker.]

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I should like him to do so now. Five minutes are available and I know that in five minutes he will be able to tell us everything he knows about the subject. We wait for him right now.

[*Translation*]

Mr. Grégoire: Mr. Chairman, the commotion now going on shows how courteous the Liberal members can be.

While the Minister of Finance and Receiver General (Mr. Sharp) was delivering his budget speech, his baby budget, all members listened to him and made little or no remarks, but when the financial critic of the opposition made his comments—I believe it was the former minister of national health and welfare (Mr. Monteith)—a continuous uproar could be heard on the Liberal side. When a Liberal member is speaking, all the others listen to him politely. When the Minister of National Health and Welfare (Mr. MacEachen) was speaking earlier, I listened to him without saying a word. On the other hand, as soon as an opposition member speaks, catcalls are heard all the time on the Liberal side. It shows how polite they are.

Mr. Chairman, this is nothing new. Some will say after this: here is one who wants to destroy everything here. And that is the example set for us, or for me, during the past five years, by those rude and impolite Liberal members. That is the example they are giving us. That is why we sometimes act as they do, even though we try not to. I hear some of them whispering, yet they never rise to speak. They are perhaps satisfied with whispering because their whip tells them: Do not speak, keep quiet.

The Deputy Chairman: I would ask the hon. member for Lapointe to deal with the matter now before the committee, clause 3 of Bill C-251.

Mr. Grégoire: Mr. Chairman, I shall revert to clause 3. I said what I wanted to say on this subject and I hope that they will take heed of this lesson.

Clause 3 refers to payments made to the provinces under the Old Age Security Act. Moreover, section 94 (a) of the British North America Act has been quoted so often here, since the beginning of the debate, that I do

not think it necessary for me to read it over again. In other words, this section provides that if a particular province wishes to legislate in this field, it has priority.

In view of the fact that, as the Leader of the Opposition (Mr. Diefenbaker) so ably said a while ago, the province of Quebec has indicated, in the speech from the throne, that it intends to take over their rights in the field of old age security, I wonder why the Minister of National Health and Welfare does not include a provision in his bill granting a tax credit to those provinces who, in the future, may wish to occupy the field of old age security.

The Minister of National Health and Welfare has an answer for this: he says this is hypothetic. Mr. Chairman, it is more than a hypothetic question, since it was announced in the speech from the throne. The speech from the throne represents the will of the Queen of Canada, through the lieutenant governor of the province of Quebec. Does the voice of the Queen of Canada, heard through the lieutenant governor of Quebec, have no meaning for the Minister of National Health and Welfare? If so, Mr. Chairman, the Minister of National Health and Welfare is guilty of high treason.

Mr. Chairman, I think, on the contrary, that the intention indicated in the speech from the throne is serious and that the Minister of National Health and Welfare should amend his plan accordingly.

Mr. Chairman, may I call it ten o'clock?

The Deputy Chairman: Order. Should I rise, report progress and ask leave to sit again at the next meeting of the house?

Some hon. Members: Agreed.

[*English*]

Progress reported.

BUSINESS OF THE HOUSE

Mr. Starr: Mr. Speaker, I should like to ask what the business of the house will be tomorrow. Before I do so I might ask the government if it would consider this situation. I have been informed, as we all have, that there is a possibility we may recess on Thursday evening. Instead of sitting on Thursday evening I would ask that we sit on Wednesday evening and that we sit on Thursday only until six o'clock. If possible, we might conclude the business before us on Wednesday evening so that we might adjourn for the recess on Wednesday evening rather than on Thursday. In any event, if that is not possible we could sit Wednesday evening and recess at six o'clock on Thursday.

• (10:00 p.m.)

Mr. Pickersgill: Since the house leader is not here at the moment—

Mr. Starr: Here he is. It may be necessary, Mr. Speaker, for me to repeat what I said earlier. I was asking whether the government would consider sitting on Wednesday evening, instead of Thursday evening, and recess at six o'clock on Thursday. If the government saw its way clear to agree to sit on Wednesday evening we might be able to recess on Wednesday.

Mr. McIlraith: With respect to the business of the house, I still hope that some time we will get the old age pension supplementary payments bill through all stages and to the other place. We want to get royal assent to that bill before the Christmas recess. The other place has been ready and waiting for it for some time, and they have made it clear—

Mr. Fulton: We were waiting for it for some time too.

Mr. McIlraith: Perhaps I should not deal with this digression, but I would invite hon. members who interrupt to think about what the conduct of their party has been both Friday and today with respect to that bill, especially in relation to the time spent on it and the wish, I believe of almost all members on both sides, to get it passed.

To come more directly to the question asked by the official opposition house leader, I would hope we could get that bill through so that we would not be in a position of having to wait for the other place to deal with it and so be kept here unduly late for the Christmas recess. This is the problem. It is a very real problem, as I explained to the house leaders. It is a matter of trying to get the bill over to the other place.

Then there are a few smaller bills to be dealt with and there is the transport bill which, because of its implications to a great many municipalities and their plans and to certain shippers and other interests, we are most anxious to get before the committee of

the whole house and to have the discussion advanced before the recess.

As I indicated this morning, I was very anxious to be in a position to make a firm commitment for the recess and I would like to do that, but I think all hon. members will appreciate that it must be dependent on the progress made with the old age security supplementary payments bill. There is one thing I might suggest for the consideration of the house. If the old age security supplementary payments bill had passed the committee stage tonight it could have been printed for use tomorrow on third reading.

Mr. Fulton: Why not sit tonight?

Mr. McIlraith: If the house wishes to consider that, it is up to the house. I am not pressing it particularly but I would draw to the attention of the house that it might be helpful in making progress. I believe that the house might wish to complete the committee stage tonight.

Some hon. Members: Hear, hear.

Mr. Horner (Acadia): No, no.

Mr. Fulton: I don't know why you insisted on the medicare bill going through when it was not necessary.

Mr. Horner (Acadia): It is just bad management.

Mr. Bell (Saint John-Albert): May I ask how the passage of certain sections of the transport bill will assist in the financial arrangements of municipalities?

Mr. McIlraith: Because the bill contains legislative provisions effective the first of the year, and it would remove the fear that some of them seem to be developing that the house is not willing to deal with the measure.

Mr. Crouse: This is ridiculous.

Mr. McIlraith: You must remember it is some three years and 13 days since that legislation was first presented to parliament.

Mr. Crouse: Why didn't you bring it in before medicare?

Mr. Horner (Acadia): Why didn't you postpone the medicare bill?

Mr. Speaker: Order, please.

[Mr. McIlraith.]

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

SHIPPING—USE OF RUSSIAN ICEBREAKER IN ST. LAWRENCE RIVER

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, last December 13, I put the following question to the Minister of Transport (Mr. Pickersgill):

Mr. Speaker, I should like to ask the Minister of Transport whether it is true that the Russian government recently announced that a Russian icebreaker would be assigned to the St. Lawrence river next winter in order to make winter shipping easier for Russian ships on that river?

I was expecting a serious answer from the minister as to whether that was true or not. But all he said was that he was not a spokesman for the Russian government. Well, I think that if the Russian government had to choose a spokesman, it would not select him.

Mr. Speaker, my question was based on an article published not on the news page but as an editorial of the Toronto *Telegram* on December 9, 1966. This is what it said, and I quote:

[*English*]

Moscow also recently announced that a Soviet icebreaker would be assigned to the St. Lawrence river this winter to ease the way for the vessels of the Soviet merchant fleet. Surely Canada won't permit this. If we are to have a winter route, we should maintain it ourselves.

[*Translation*]

Mr. Speaker, this is quite clear and written not by a news reporter but by an editor. All this was taken from a notice published by the Minister of Transport in number 48 of a weekly publication which is not even published in French in spite of the statements of the hon. minister concerning bilingualism in Canada. The December 2, 1966 edition—which is fairly recent—of this publication, Notice to Mariners, contained notice No. 1023, entitled:

[*English*]

The St. Lawrence river—Quebec harbour to Montreal harbour—assistance of icebreakers.

Commercial shipping using the St. Lawrence river ship channel between Montreal and Quebec is hereby warned that floating aids to navigation cannot be depended upon after November 30 owing to possible ice conditions.

Commercial shipping is also warned that icebreaker assistance to ships will not be available in this area. A small force of icebreakers will be working there but this will be for the sole purpose of preventing flooding.

[*Translation*]

Mr. Speaker, the notice is very clear, icebreakers will not be there to give assistance to winter shipping but for the sole purpose of preventing flooding.

To have 11 icebreakers and not allow them to open the St. Lawrence to winter navigation and moreover to force the Russians to attend to this matter is something ridiculous and stupid.

I have here an editorial from *La Presse* of Saturday December 10, 1966, signed by Mr. Roger Champoux, bearing the title: "Running with the hare and hunting with the hounds".

The Gilles Grégoire incident, which has been for 20 hours the subject of current events, has permitted the minister to give those who are interested in winter navigation on the St. Lawrence, the most ambiguous answer possible.

Closely questioned by Mr. Grégoire, the minister, who means to be wise, (and he is so), answered the following: "I do not propose to take extraordinary steps to accelerate such navigation no more than I propose to take any steps to impede it". The hounds . . . are Halifax; the hare . . . is Montreal.

Mr. Speaker, another newspaper that can surely not be branded as separatist, the Montreal *Gazette*, said in its editorial on December 10, 1966:

[*English*]

The government is making a mistake in limiting the role of its icebreakers in keeping the St. Lawrence channel open in winter, up to Montreal.

• (10:10 p.m.)

It is easy to understand that the government is sensitive about feelings in the maritimes. If too much is done to keep the St. Lawrence open in winter, if too much is done to make Montreal a winter port, complaints from the maritime ports will come thick and fast.

But in its policy the government is really trying to turn the clock back or, at least, is hesitant about helping it forward.

[*Translation*]

That is, Mr. Speaker, the government's policy. In that respect, the Estates General of French Canada submitted a working paper at their last meeting and here is their conclusion.

We conclude that it is unacceptable that, to satisfy the ports of St. John and Halifax, the government should impede directly or indirectly the development of winter navigation on the St. Lawrence and the Saguenay rivers, experience having shown that winter navigation is possible and economic for the big ports on the Saguenay and the St. Lawrence up to Montreal inclusive and that it is more economical for shipping to go as far as possible inland.

And it is asked that the ports be open, that navigation be open. That was a conclusion of the Estates General of French Canada.

Why this refusal to open up winter navigation on the St. Lawrence? Merely not to displease the port of Halifax. And the journalist from *La Presse*, Jacques Pigeon, admitted it himself when he said, on December 8 last:

As one knows, that is a psuedo-problem which, in theory—

The *La Presse* journalist may call that a pseudo-problem, but the editorialist of that paper admitted that the problem was real.

—a pseudo-problem which, in theory, sets maritime members (the Minister of Transport represents a Newfoundland constituency) up against Quebec members.

Naturally, the government could not grant his request.

That is my request.

The *Le Devoir* journalist, Jean Dufresne, went further when he said, on December 8:

Indeed great pressures are being placed upon the government by maritime port interests and the department does not wish to further promote navigation on the river, for this would be detrimental to the port interests on the Atlantic coast.

Mr. Speaker, all this is inadmissible. Halifax harbour cannot prevent the development of Montreal harbour. We are told that this is due to pressures on the part of some members. I will say this to the hon. Minister of Transport: there are only two members of parliament for Halifax, and both of them belong to the Conservative party. On the other hand, Montreal has 18 members, 17 of which are Liberals, and only one Conservative. Therefore, Mr. Speaker, and I conclude by saying—

The Acting Speaker (Mr. Rinfret): Order.

Mr. Grégoire: Never has Montreal been so badly represented by its 17 Liberal members.

The Acting Speaker (Mr. Rinfret): I regret to interrupt the hon. member, but the time allotted to him has expired.

Mr. Grégoire: I still have one minute left, Mr. Speaker.

[*English*]

Hon. J. W. Pickersgill (Miinster of Transport): Mr. Speaker, the hon. member for Lapointe asked me whether the Toronto *Telegram* was correct in a report which contained a statement that the Soviet union

proposed to send an icebreaker to the St. Lawrence. I do not regard the Toronto *Telegram*, any more than I regard myself, as a spokesman for the Soviet Union. The Toronto *Telegram* is not my favourite reading and I had not seen the story. I did make some inquiries and I understand the same story appeared last year with exactly the same consequences. Of course a Soviet icebreaker, if it came to Canada purely on a visit, would be quite welcome, but if a Soviet icebreaker came here to deal with the problems which are encountered in our territorial waters, I do not think that would be acceptable to any Canadian in any part of Canada.

As to the broader question raised by the hon. member, I did say in Halifax the other day and I repeat here that I believe the government is pursuing the right course in doing nothing at the present time to accelerate icebreaking activities, and in doing nothing to impede navigation. Those owners of ships who want to take the risks of plying these waters in winter are not impeded in any way. If they get into any kind of distress, then, as with any other ship, we do our best to meet their problems. It would cost many, many millions of dollars—

Mr. Grégoire: How much?

Mr. Pickersgill: It would cost many millions of dollars and it is hard to estimate—

Mr. Grégoire: It would cost not one more.

Mr. Pickersgill: I obeyed the rules when the hon. member was speaking and I ask him to hear me out. It would cost many, many millions of dollars which would have to be collected from Canadians in every part of Canada to ensure regular and reliable navigation each winter in the port of Montreal.

I am sure that some day, with technological developments, it will come. But at the present time it would be a really tremendous addition to the cost of government in Canada which I doubt would be warranted by the amount of benefit that would come to Canada from the assurance of traffic during the winter months. We have to remember that it would take a comparatively small amount of money to subsidize the traffic to Halifax and Saint John. If we are to use the taxpayers' money in one way or the other, I think we have to balance the one against the other. At the present time we are taking the view, and I think it is the right view, that ships that are ice-strengthened and want to take the chance of going up to Montreal, because there has to be ice-breaking during the winter to prevent flooding, can take advantage of that, but that exceptional expenditures at the present time would not provide a benefit comparable with the cost.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I would like to point out that all the Montreal members who are present applauded, which is a shame.

The Acting Speaker (Mr. Rinfret): Order. I would point out to the hon. member for Lapointe (Mr. Grégoire) that at this stage of the business of the house, according to standing orders a member has seven minutes to make representations; and the hon. minister or his representative has three minutes to answer. Following these two interruptions, the time allotted for debate has expired.

[*English*]

PUBLIC WORKS—PEMBROKE, ONT., WHARF FACILITIES

Mr. Leonard Hopkins (Renfrew North): Mr. Speaker, at this time I want to put forth two or three vital arguments to explain why it is necessary to get improvements under way on the Pembroke waterfront next year. The present wharf was built after the first world war and consists of wooden piles which support a relieving platform of wooden material. The platform in turn supports a concrete cap and earth fill. When the Des Joachims hydro dam was built, the water level of the Ottawa river in front of this wharf changed considerably and the water level was lowered. As a result portions of the wooden piles and the relieving platform were exposed to the air and serious rotting set in. As the wooden supporting timbers rot, the earth fill on top drops into the water and much of this fill is carried away by the current. In past years large quantities of fill have been placed in the holes that have occurred, but in its present state the wharf has become a menace to the public. Signs stating "This wharf is in disrepair" have been erected and flex-beams now enclose the whole wharf area. These were put in about three years ago.

At the present time there is a great danger of children being trapped underneath the relieving platform, and several near fatalities have been narrowly averted. The plain truth of the matter is that during the last 40 years very little maintenance work has been done on the wharf and it no longer provides any service. In fact, it has become a detriment to the public.

Therefore my first argument is based on the need for safety by removing this danger. It is now proposed to cut or remove the piles and relieving platform and drop the concrete cap, which would form a shore protection along the north and west end faces, rather than reconstructing both these sections as wharves. A new timber crib wharf, about 200 feet long, should be constructed along the east side, which is generally protected from winds, rather than constructing the north and west faces as wharves. A small breakwater, about 40 feet long, would also be required at the northeast corner to give protection from the prevailing northwest winds.

• (10:20 p.m.)

The cost of this proposal would not be greater than that of the original proposal advanced by the town about two years ago. In my opinion this is a much better scheme in that the total cost is not more than the original one and furthermore it would develop a small bay at the mouth of the Muskrat river where the town has already placed a large amount of fill to raise a swamp area to be made useful for a small boat harbour.

A fire destroyed the many boathouses in front of the government wharf several years ago and no suitable area has been developed since that time to accommodate the hundreds of boats in the area. I use the term "hundreds of boats" because I have made a check with the customs office in the town of Pembroke and have learned that there are 3,131 small boats registered for that area. This points out the great need for launching facilities on the Ottawa river. In addition, we depend a lot on the tourist trade during the summer months and want to promote this industry inasmuch as Renfrew country in general is so suitable and so attractive.

A launching ramp was placed on the shore of the bay at the west end of the present wharf but there are two major problems with this location. The bay itself has to be dredged now and will have to be dredged from time to time in the future because silt is constantly drifting into it and settling there. Second, in order to launch a boat in that location one must block a road with his car and trailer. The road serves as an exit and entrance to the adjoining municipal park. There is also no place to park cars and trailers satisfactorily. For this reason it has been proposed to move the location of this single boat ramp and put in a double launching ramp at the head of the bay at the mouth of the Muskrat River. The town would be quite willing to deed a right of way to the Crown in that area. The money that would have to be used to dredge the bay at the west end of the present wharf could be used to pay for part of the cost of constructing the double launching ramp in the new location in the bay near the mouth of the Muskrat river and east of the present wharf.

I know how much this new development will mean to the safety of youth and to the large percentage of the 3,131 boat owners in the area who would make use of the new facilities. The total amount of money that has been spent on such projects as tourist wharves and launching ramps has been very small over the past years and I would like to recommend that this small amount be increased because it helps to provide good recreation for Canadians.

In conclusion, Mr. Speaker, I would like to say that I have nothing but admiration for and confidence in the present Minister of Public Works, and I would like to thank him for his excellent co-operation in the past.

Some hon. Members: Hear, hear.

Mr. Knowles: This is the Christmas spirit.

Mr. Hopkins: Due to the fact that very little money has been spent on projects of this type in the town of Pembroke during the past 40 years I would appreciate it and the mayor and the council of the town of Pembroke would appreciate it if the minister could see fit to give this situation his serious consideration in 1967.

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I must begin my remarks with a word of appreciation for some references the hon. gentleman made at the conclusion of his remarks. I am completely unaccustomed to receiving that kind of comment in the House of Commons and it was indeed refreshing and a pleasure to hear it.

Mr. Knowles: Even the opposition joined in.

Mr. McIlraith: I do not want to deal with the project in a detailed way because it seems to me that that would not be particularly helpful at the moment. Rather I want to use the limited time I have to indicate that I think there are two problems here. One relates to the existing public wharf that is in a state of bad disrepair. The department has studied this matter and at the moment is giving active consideration to undertaking the requested repairs in the coming year. That part of the problem can be settled.

The second part of the problem relates to developing what is a rapidly increasing small boat requirement in the area. This involves certain works to make the harbour or dock, very much in demand in this pleasant part of the magnificent Ottawa river, really effective. That comes under marine policy and is dependent on arriving at a satisfactory agreement with the municipal or local authorities. That is in the process of active study and it is a question of what agreements we are able to work out to complete this matter. I hope then to give the matter active consideration resulting in appropriate cost-sharing agreements.

Motion agreed to and the house adjourned at 10.30 p.m.

HOUSE OF COMMONS

Tuesday, December 20, 1966

The house met at 2.30 p.m.

COMMITTEES OF THE HOUSE

CONSUMER CREDIT AND PRICES—THIRD AND FOURTH REPORTS OF SPECIAL JOINT COMMITTEE

Third and fourth reports of the special joint committee of the Senate and the House of Commons on consumer credit and prices—Mr. Basford.

AGRICULTURE, FORESTRY AND RURAL DEVELOPMENT—CONCURRENCE IN FIFTH REPORT OF STANDING COMMITTEE

Mr. E. F. Whelan (Essex South) moved that the fifth report of the standing committee on agriculture, forestry and rural development, presented to the house on Friday, December 9, be concurred in.

Motion agreed to.

EXTERNAL AFFAIRS

INDIA—SUPPLEMENTARY AGREEMENT RESPECTING ATOMIC POWER PLANT

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I wish to table in English and in French copies of a supplementary agreement amending the agreement between the government of Canada and the government of India relating to the Rajasthan atomic power station and the Douglas Point generating station signed in New Delhi on December 16, 1963. I also wish to table copies of an exchange of letters between our high commissioner in New Delhi and the secretary of the Indian department of atomic energy spelling out safeguard arrangements for the whole project.

THE BUDGET

SUGGESTED LEAKS BEFORE PRESENTATION IN HOUSE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in the absence of the Minister of Finance I would ask the Prime Minister whether his attention has been directed to two facts, one that for some days before the budget was announced various elements in the press predicted that there would be an income tax addition in the budget but that it would not cover those with an income below $6,000, which was unusually accurate and, second, the statement made by the president of a securities organization in British Columbia, as reported in the press, that he had a conversation with the Minister of Finance and was convinced that there would be a 1 per cent addition to the sales tax?

Would the Prime Minister have an investigation made to ascertain where any such leaks took place, because it is obvious that the correctness of both indicate more than coincidence.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have seen the reports and I also have talked to the Minister of Finance about the matter. The minister has made a statement to the effect that there was no leak from the Department of Finance in this matter and that the reports were merely speculation. If there is anything further to be inquired into in this matter I would be glad to do so, but I believe the statement made by the Minister of Finance should dispose of the matter.

Mr. Diefenbaker: Does the Prime Minister not feel that the fact that two such intelligent observations should be made indicates a power of prophecy that never has been equalled before in the absence of a leak.

Mr. Pearson: I would not like to say that the powerful prophecy in this case has been unprecedented.

[*Later:*]

Mr. Pearson: Mr. Speaker, may I give a supplementary answer to the question raised by the right hon. Leader of the Opposition regarding the so-called budget leak. As a result of a communication which I have just received and in justice to the Minister of Finance, I would like to put on the record a telegram which has been sent to him by the president of the Vancouver Stock Exchange. It reads as follows:

I would like to confirm my statements to the press last night that the Minister of Finance in no way confided the contents of his budget to me last Wednesday or at any other time and that my predictions were pure guesswork arrived at from my years of experience in the financial community. Mr. Sharp and I did not discuss the budget in any way either alone or in the company or others.

J. A. Vanluven

Inquiries of the Ministry

FINANCE

REPORT OF CARTER COMMISSION ON TAXATION

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a supplementary question. I should like to ask the Prime Minister when we might expect in the house the report from the Carter commission.

Mr. Speaker: Order, please. This is not a supplementary question.

[*Later:*]

Mr. Winkler: Mr. Speaker, I will now repeat my question to the Minister of Finance. I ask the minister when we might expect the Carter commission report to be put before the house.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I met with the provincial ministers of finance this morning; that is why I was a little late in arriving. I informed them, and therefore I will now inform the house, that while I cannot be too firm in my predictions it is our expectation that the report will be delivered to us in both languages in March. I understand the report has been completed in the English language and it is now in the hands both of the printers and the translators.

Mr. Knowles: Will that be March 1967?

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—CLEMENCY TO TRADE UNION LEADERS

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Solicitor General of which I have given him oral notice. It arises out of representations made to him by various organizations in British Columbia, as well as by myself, in respect of clemency with regard to four union leaders who are serving jail sentences as a result of a proceeding for contempt of court. Questions also were asked of the minister by the hon. member for Vancouver-Kingsway and the hon. member for Kootenay West to which the minister replied that he was giving the matter consideration. Is the Solicitor General able to tell us what decision he has reached with regard to each of these four men?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I wish to acknowledge that repre-

[Mr. Pearson.]

sentations were made to me as outlined by the hon. member. Representations also were made by the hon. member for Kootenay East and the hon. member for Victoria (B.C.).

Clemency under the royal prerogative has been extended to the four men in question in the following manner: The person sentenced on September 30 to three months imprisonment was released on December 16, and the balance of the sentence has been remitted. The person sentenced on September 30 to four months imprisonment will be released on December 22, and the balance of the sentence will be remitted. The other two men who were sentenced on the same date to six months will be released on December 22 until January 3 on which date they will be required to return to continue serving their sentences.

Mr. Lewis: Mr. Speaker, would the Solicitor General say whether he will give further consideration to remitting part of the sentence of the two men who are to be returned to jail on January 3?

Mr. Pennell: Mr. Speaker, I am not prepared to commit myself on that question at this time. However, in due course, consideration will be given as to whether further clemency should be recommended.

PETERBOROUGH, ONT.—AMNESTY TO MEN IMPRISONED FOLLOWING TILCO STRIKE

On the orders of the day:

Mr. Ralph Cowan (York Humber): Mr. Speaker, I should like to ask the hon. Solicitor General, in view of the fact that they are granting clemency to these people in Vancouver, whether it is at all likely the cabinet will grant amnesty to the two men who were sent to prison from Peterborough at the time of the Tilco strike?

[*Later:*]

Hon. L. T. Pennell (Solicitor General): The hon. member for York-Humber asked me a supplementary question which I was not able to catch.

Mr. Cowan: I will repeat the supplementary, but I have another question I wish to ask. The supplementary is this: While the cabinet is granting clemency on the west coast, will clemency also be granted to workers from the Tilco plant at Peterborough who were sentenced to terms in jail after court convictions?

Mr. Pennell: I understand, subject to correction, that the men referred to by the hon. member have now been released. By the nature of things, there are no set rules governing the granting of clemency under the royal prerogative. I appreciate that it is unlikely that any course taken in a given case will meet with unanimous approval. One of the considerations which was borne in mind in the west coast case in connection with the date on which the men are to be released is that they could not earn the remissions which are normally granted to prisoners in our penal institutions.

UNITED NATIONS

PEACE KEEPING—PARTICIPATION WHEN ENTIRE COST BORNE BY CANADA

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I should like to direct my question to the Secretary of State for External Affairs. In view of the negative decision by the UN in respect of the Canadian resolution which was designed to establish a satisfactory basis for financing the peacekeeping operations, is the Canadian government considering any change in its policy of participation in operations where the entire cost of maintaining its forces must be borne by Canada?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I wished to make sure that I understood my hon. friend's question. There is no United Nations force, in which Canada is participating, where the full cost of our forces is borne by Canada. In the case of Cyprus we bear some of our own maintenance costs, but certain other costs are paid by the United Nations. In any event the disposition of our resolution—not a negative result in the sense that it has been defeated, it has simply been put over to the resumed session—does not in any way involve a change of policy on behalf of the government of Canada. We continue to believe that peace keeping is an important function of the United Nations, and we continue to believe that we must strive for an equitable way of financing future United Nations peace keeping operations.

Mr. W. B. Nesbitt (Oxford): I have a supplementary question I should like to direct to the Minister of National Defence. In view of the disinterest in, and indeed hostility to, the expansion of the peace keeping capabilities of the United Nations as exhibited yesterday by the disastrous defeat of the Canadian resolution in the general assembly, will the minister now give serious consideration to revising his plan for a single unified service?

Hon. Paul Hellyer (Minister of National Defence): Most certainly not, Mr. Speaker. When the white paper was written in 1964 it was decided on the basis of our experience that the best way we could contribute to future peace keeping operations, if and when they were authorized by the United Nations and the government of Canada, was by developing a well trained and well equipped mobile conventional force. That is the policy that was laid down in the white paper and it was the policy of the government. It is still the policy of the government and the armed forces. The forces we are developing are precisely those which can make a maximum contribution, not just to the deterrence of war in Europe or the central front, but anywhere else they are required for peace keeping operations whenever the need arises.

Therefore, my hon. friend should take some comfort from the fact that we are able to contribute whenever and wherever we are required to do so. The forces we are developing will give us the flexibility to carry out our obligations.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, is not the entire statement of the minister purely theoretical in view of the fact that the government suffered a major diplomatic set-back in the defeat of the Canadian resolution.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: That is the description in the press.

Mr. Martin (Essex East): That is not the fact, and you know it.

Mr. Diefenbaker: Let me ask the minister this. In view of the fact that his plans for a unified peace keeping force have been swept aside as a result of the attitude taken by the U.S.S.R. and France, does he not agree that if he develops a unified force he will then have a force all dressed up with no place to go?

Mr. Hellyer: Mr. Speaker, I do not think it becomes the right hon. gentleman to cast reflections of this kind. Let me tell him that this government is persistent in its pursuit of peace throughout the world and will do everything possible at the United Nations and elsewhere to forward that pursuit. We are not going to be deterred by any small set-back.

We intend to persist in what we believe to be a very important undertaking in this country for this country and the world. We are trying to develop some better method of settling world disputes than are presently available. As my right hon. friend should know, we are developing the kind of force which can make a maximum contribution, regardless of the circumstances.

Some hon. Members: Hear, hear.

Mr. Starr: That is a mouthful of malarkey.

Mr. Diefenbaker: Does the minister not agree that all his fantastic theories were swept aside yesterday by the attitude taken in the United Nations? What is he going to do with his force if the United Nations persists in the view it has taken? Is he going to the U.S.S.R. and France to show those nations that he is right and everybody else is wrong?

Mr. Speaker: Order, please.

GRAIN

DATE OF FINAL PAYMENTS ON 1966 CROP

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce in his capacity as the minister under whose jurisdiction the Canadian Wheat Board falls. Would it be possible for the Canadian Wheat Board to make the final payments in respect of last year's crop before the end of the year, so that the mini-budget will not take it all?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, the final payments will not be made before the end of the year. I announced earlier that they will be made some time toward the end of January, 1967.

Mr. Rapp: This is not fair.

EXTERNAL AFFAIRS

RHODESIA—ACTION BY CANADA TO IMPOSE SANCTIONS—REQUEST FOR FACT FINDING COMMISSION

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question for the Secretary of State for External Affairs. What further actions, if any, have been taken or are contemplated by Canada in order to comply with the resolution of the Security Council of the United Nations for mandatory sanctions, including oil sanctions, against the illegal régime in southern Rhodesia?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I would be surprised if any further action was required. However, after the resolution imposing mandatory sanctions was passed, I asked the law officers of the crown to make sure that this was the case.

Mr. S. J. Enns (Portage-Neepawa): A supplementary question, Mr. Speaker, to the Secretary of State for External Affairs. In view of the great concern in this country about the Rhodesian question, would the minister consider sending a fact-finding commission composed of members of his department to Rhodesia to ascertain first-hand the situation there?

An hon. Member: Send Bob Thompson.

Mr. Martin (Essex East): Mr. Speaker, I think the action taken by the Security Council of the United Nations is the right kind of action at the present time.

RHODESIA—GIFT OF FUEL FROM ORGANIZATIONS IN CANADA

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): A supplementary question, Mr. Speaker. This question arises from a publication from Rhodesia showing a gift of 1,500 gallons of gas from Friends of Rhodesia organizations in Canada being handed over by a Mr. Gostick of the Toronto Friends of Rhodesia, who said: "The gift indicates the sympathy and support of the Canadian people." I should like to ask the Secretary of State for External Affairs what he can do about this situation.

Hon. Paul Martin (Secretary of State for External Affairs): I will be very glad to look into the matter and read the article, Mr. Speaker.

Mr. Starr: What about the food supplies in North Viet Nam?

Mr. Diefenbaker: The minister told me that two weeks ago, and has not looked it up yet.

TRADE

EASTERN EUROPE—OPPORTUNITIES FOR ADDITIONAL MARKETS

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to address a question to

the Minister of Trade and Commerce. In view of his recent trips to socialist countries of eastern Europe and his statement that there is Canadian trade to be had in those countries, will the minister take the first opportunity of advising the members of the house specifically what those trade opportunities are, and what additional trade initiatives are going to be instituted to take advantage of them?

Mr. Speaker: Order, please. I think the hon. member is asking for a very general statement. I do not think that kind of statement can be made on questions.

Mr. Hees: With respect, Mr. Speaker, I am not asking for a statement now. I am asking whether the minister will take the first opportunity to advise the house.

Hon. Robert Winters (Minister of Trade and Commerce): I shall be glad to do so, Mr. Speaker.

SHIPPING

INQUIRY INTO DEATH OF SAILOR ABOARD "ONTARIO POWER"

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Transport. If he does not have this information readily available at his fingertips, I hope he will take the question as notice. Can the minister advise the house how the inquiry is proceeding, or has it been completed, into the death of a sailor aboard the *Ontario Power* earlier this year?

Hon. J. W. Pickersgill (Minister of Transport): I am afraid I have not the information available, but I will get it.

CANADIAN PACIFIC RAILWAY

REQUEST FOR ASSURANCE RESPECTING TAX PAYMENTS TO PRAIRIE MUNICIPALITIES

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address a question to the Minister of Transport. In view of the unforeseen delay in passing the new transport bill through this house, because of other priorities, I wonder whether the minister would undertake to get in touch with the Canadian Pacific Railway in an attempt to ensure that the municipalities in the prairie provinces will receive the taxes that the C.P.R. has promised for the year 1967, even though this bill may not be passed by December 31 this year.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I think the hon. gentleman's question is one that I could answer more effectively when we get on to consideration of the bill. Though perhaps there is not much hope of getting it passed, I do hope we will have a little time on it before the recess. I will be glad to deal with the question then.

Mr. Bell (Saint John-Albert): You had better write to Santa Claus.

Mr. Olson: I have a supplementary question, Mr. Speaker. I wonder whether the Minister of Transport could not give some indication to these municipalities, because they will need it in their budgeting for 1967. We do not have the bill before us and if this information is not supplied the municipalities would still need some indication before the end of the year.

Mr. Pickersgill: Mr. Speaker, it would be useful to answer this question, if you will permit me, and to say that, as hon. members are already aware, the Canadian Pacific Railway Company has agreed voluntarily to give up an immunity which this parliament could not take away from it without introducing a constitutional amendment. The most that I could do would be to pass on the representations of the hon. gentleman, my own and anyone else's about this matter. However, apart from that, it seems to me that it would be better to discuss this matter when we can have some give and take across the floor of the house and I hope that this will not be delayed long.

[*Translation*]

INDUSTRY

REQUEST FOR STUDY OF TEXTILE PRODUCTION

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I have a question for the right hon. Prime Minister.

In view of the deep concern expressed by Mr. Daniels, president of the Canadian cotton industry, and to repeat the recent request made by the Confederation of National Trade Unions, does the government intend to set up a royal commission of inquiry shortly, in order to appraise the financial and economic situation of the textile industry in Canada, and particularly in Quebec?

Inquiries of the Ministry

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think any inquiries that are necessary can be made without setting up a royal commission.

CANADIAN CONSTITUTION

POSSIBILITY OF REFORM IN CENTENNIAL YEAR

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I wish to address my question to the right hon. Prime Minister. In a very short time the Commission on Bilingualism and Biculturalism and the constitutional committees of both Quebec and Ontario will be reporting their findings. In view of this will the government be announcing its intentions relating to constitutional reform early in the centennial year?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, there is a great deal of work to be done by the federal government before an announcement of this kind can be made. I think it would be a very great mistake to give the impression that it is desirable or necessary to have a full-fledged constitutional conference before adequate preparatory work has been undertaken.

Mr. Grafftey: I have a supplementary question, Mr. Speaker. I was asking the Prime Minister whether, in view of the fact that the commission and the committees will be announcing their findings soon, the government would not consider clarifying its stand early in the new year, so that the dialogue will not take place in a vacuum?

Mr. Speaker: I would bring to the attention of the hon. member the fact that he has asked the same question twice.

Mr. Grafftey: Mr. Speaker, I have a point of order. I can think of nothing more important than constitutional reform that will be facing the nation during the centennial year, and therefore I would like the Prime Minister to inform the house as to whether the government will clarify its stand early in the new year, so that the dialogue will not take place in a vacuum.

Mr. Pearson: We will do so as soon as the work has been completed.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I wish to ask a supplementary question to that asked by the hon. member for

Brome-Missisquoi. I understand the Prime Minister to say that before there would be any constitutional conference a lot of preparatory work was required. Is the Prime Minister and the government still considering the possibility that a committee of this parliament might assist in the preparatory work with regard to constitutional changes?

Mr. Pearson: Mr. Speaker, when the government has completed its own preparatory work, consideration could then be given to setting up a parliamentary committee to which the government might make a report.

[*Translation*]

CANADIAN BROADCASTING CORPORATION

LINGUISTIC CAPACITY OF PRESIDENT

On the orders of the day:

Hon. Théogene Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I wish to direct a question to the right hon. Prime Minister.

On November 3 last I put a question to him and he was supposed to give an answer within the next two or three days. Would he have an answer now?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, my memory does not go back to November 3. I wonder whether my hon. friend would be good enough to remind me.

Mr. Ricard: Yes, Mr. Speaker. At that time I was asking the Prime Minister whether the statement made by the Secretary of State to the effect that it was not necessary for one to be bilingual to be appointed chairman of the C.B.C. was in accordance with the fact.

Mr. Pearson: I think, Mr. Speaker, the Secretary of State herself will be able to deny that she made that statement. I consulted with her at the time and she said that the report was very inaccurate indeed.

[*Translation*]

HOUSE OF COMMONS

BIRTHDAY GREETING TO MISS LAMARSH

On the orders of the day:

Mr. Marcel Prud'homme (Saint-Denis): Mr. Speaker, in view of the fact that the name of the Secretary of State has been mentioned, may I take this opportunity to offer her our best wishes on her birthday?

Some hon. Members: Hear, hear.

SPORTS

HOCKEY—REFUSAL TO AUTHORIZE EUROPEAN TOUR

On the orders of the day:

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, I have a question for the Minister of Trade and Commerce.

Could the minister advise the house whether someone in his department or himself, or someone in another department, recently took some action to get the authorization that is essential for the European tour of two hockey teams sponsored by Expo '67?

Mr. Speaker: Order. I believe it may be the hon. member's intention to deal with this matter at ten o'clock.

Mr. Mongrain: Ten o'clock tonight.

[*English*]

BANKRUPTCY

PRUDENTIAL FINANCE CORPORATION—SUGGESTED INQUIRY BY FEDERAL AND PROVINCIAL AUTHORITIES

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Minister of Finance arising out of the Prudential Finance Corporation and the North American General Insurance disaster. I should like to ask the minister whether he, the Minister of Justice or both are proposing to the Ontario provincial authorities a joint royal commission of inquiry or some other form of inquiry to ascertain the concatenations which led to the disaster.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I think it would be premature to do that, but what I am proposing to do is to meet with the ministers of the provincial governments, with whom I met both yesterday and today. At both of these meetings my suggestion that the provinces and the federal government should meet to discuss the whole field of operations of financial companies was greeted with considerable enthusiasm.

Mr. Lewis: A supplementary question, Mr. Speaker. If I understood the Minister of Finance correctly, he said in answer to my question that he thought it was premature to hold any kind of inquiry. May I ask the minister whether this very large failure at this time of Prudential, following so quickly upon the failure of Atlantic Acceptance a year or a year and a half ago, does not disclose a situation an inquiry into which cannot be delayed?

Inquiries of the Ministry

Mr. Sharp: Mr. Speaker, like the hon. member I am very much concerned about these matters. Indeed, as soon as the attorney general of Ontario heard of the failure of Prudential Finance he informed me about it because he was concerned about the implications upon the financial world as a whole of the failure of another Ontario company. I am concerned, Mr. Speaker, and it will be the object of the conversations that we will be having with the provincial officials to see whether we can each in our own respective jurisdictions improve the regulation of these companies. I am quite confident, of course—at least, I am not confident but I am very sure—that the province of Ontario, which has jurisdiction over Prudential Finance will be conducting a very thorough investigation.

PRUDENTIAL FINANCE CORPORATION—PAYMENTS TO COMPENSATE FOR LOSSES—INVESTIGATION OF BUSINESS PRACTICES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, will the minister also take up with those provinces which are particularly affected the matter of compensation to investors and depositors who rely on the fact that governments have responsibilities in respect of those who have invested their hard earned money and have lost it through fraud?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I am quite sure that that subject will be discussed by the provincial and federal government ministers when we meet. That does not mean that we will necessarily make that recommendation to our respective jurisdictions, but I am quite sure that the subject will arise.

Mr. Frank Howard (Skeena): A supplementary question, Mr. Speaker. Can I ask the Minister of Finance whether representations have been made in recent months either to himself or to the officials in his department regarding the practices of other insurance or finance companies—and by that I mean other than Prudential and its associates—the suggestion being that there might be practices within other companies as well which could lead to disasters. If that is so, what has the minister done about them?

Mr. Sharp: Mr. Speaker, so far as insurance companies are concerned we have a responsibility under the laws approved by this parliament to supervise the operation of federally

incorporated insurance companies. The Superintendent of Insurance does everything he can to ensure the solvency of these companies.

However, Mr. Speaker, I should like to repeat what I said previously, that it is very difficult indeed for any jurisdiction to offer protection against the sort of fraud and theft that occurred in the case of North American General, where securities which were shown to be in the books disappeared.

Mr. Howard: A supplementary question. The minister has given us some very interesting information but he did not answer my question, which was whether he or officials in his department have received representations with respect to other companies which could lead his departmental officials to believe that there might be further collapses of companies in the insurance or finance field? If so, what has he done about those recommendations?

Mr. Sharp: Mr. Speaker, I will inquire of the Superintendent of Insurance whether he has received any such reports. I think hon. members will agree, however, that it would not be desirable to create the impression that federally incorporated insurance companies are on the verge of collapse. This is a matter of very serious significance. I am sure the hon. gentleman would not want me to create any such impression, nor would he wish to create that impression himself.

Mr. Diefenbaker: Mr. Speaker, do not the very warnings or the caveat given by the minister indicate that there should be immediate action taken to protect the 20,000 policyholders in this insurance company? Does he not feel that that is of first importance in order to preserve proper respect and regard for the integrity of Canadian companies?

Mr. Sharp: No, Mr. Speaker, I cannot accept this proposition. The federal government is doing everything it can under federal law to protect the interests of policyholders and of investors in insurance companies, but there are certain types of fraud and theft that it cannot protect against, unless we change the law. One of the points that was made by the Leader of the Opposition and others in criticism of me was that I should have suggested earlier that we might have to improve the law in order to give as much protection to the policyholders and investors in Canadian companies as in British and foreign companies which operate in Canada.

I think this is an initiative on my part that helps in improving the confidence that the public will have in these companies, and I have no hesitation whatever in saying that I intend to pursue these discussions with the companies, and eventually with the provinces.

[Mr. Sharp.]

AIR CANADA

FLIGHTS TO THE MARITIMES AND WESTERN CANADA

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, my question is for the Minister of Transport and it has to do with Air Canada. Has the minister found out whether or not Air Canada is supplying the proper number of flights to the maritimes and western Canada, or have those flights been restricted or curtailed because of flights going south?

Hon. J. W. Pickersgill (Minister of Transport): I conveyed the hon. gentleman's question of last night to Air Canada. I did not expect a reply like that, and I did not get one.

TRANSPORT

DIFFICULTY IN OBTAINING RAIL ACCOMMODATION

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, will the Minister of Transport let the house know why it is that transportation by rail has become so difficult in the last two years. It is almost impossible to get reservations without about three months' notice.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the question about railways transportation raises an entirely new subject this session and I will have to go into it at length.

[*Translation*]

CANADIAN PACIFIC RAILWAY

REMOVAL OF TRAIN BETWEEN MONTREAL AND QUEBEC

On the orders of the day:

Mr. Speaker: A supplementary question. The hon. member for Trois-Rivières.

Mr. Mongrain: Mr. Speaker, in that connection, has the hon. minister received representations asking him to intervene with a view to getting back into service the night train between Montreal and Quebec that was cancelled?

Mr. Speaker: Order. I doubt that this can be considered a supplementary question. I do not believe the question, as it is now worded, can be allowed at the present time.

CRIMINAL CODE

AMENDMENT RESPECTING CONFESSIONS OF PRISONERS

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should have liked to address the hon. Minister of Manpower and Immigration (Mr. Marchand), because the agenda of my good friend for Saint-Denis (Mr. Prud'homme) indicates that to-day is his birthday also. However, due to the nature of my question I must put it to the hon. Minister of Justice.

I merely wish to ask the hon. minister whether, in connection with the Sicotte case and police brutality, he has had conversations with the provincial minister of justice (Mr. Bertrand) with a view to amending the Criminal Code so as to refuse validity to the confession of the accused when it is made in the absence of his lawyer?

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, nothing has been received from the Quebec minister of justice with regard to the matter brought up by my hon. friend.

[*English*]

UNEMPLOYMENT INSURANCE

POSSIBLE INCREASE IN BENEFIT TO MARRIED PERSONS

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): I wish to direct a question to the Minister of Labour concerning unemployment insurance benefits. It is of general interest, but it is of particular urgency because of the lay-offs in Cape Breton. Is any thought being given to an early increase in the $36 a week unemployment insurance benefits paid to married people?

Hon. J. R. Nicholson (Minister of Labour): The possibility of changes in the unemployment insurance regulations is under constant review. If any change is to be made—and I am not saying one is even contemplated—it will be announced in due course.

VANCOUVER B.C.—REGULATIONS DENYING BENEFITS TO FISHERMEN

On the orders of the day:

Mr. Frank Howard (Skeena): Perhaps I could ask the minister by way of a supplementary question whether he has yet come to a conclusion regarding the unemployment insurance regulations as they affect fishermen on the west coast?

Inquiries of the Ministry

Hon. J. R. Nicholson (Minister of Labour): Since the copy of the letter on this subject was handed to me the other day by the hon. member for Skeena I have caused inquiries to be made and I have also been in touch with the vice president of the fishermen's union. As a matter of fact, I have been trying to get in touch with him on the telephone within the last hour to arrange an appointment to discuss the matter.

The problem involved arises out of changes in the fisheries regulations, and some new formula may well have to be found, to be included in the unemployment insurance regulations to overcome the difficulty. I shall be very surprised if a meeting does not take place to discuss the subject within a matter of days with representatives from the west coast.

UNEMPLOYMENT INSURANCE ACT

REQUEST FOR AMENDING LEGISLATION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, is it the intention of the government to introduce legislation amending the Unemployment Insurance Act? Will this be done during the latter part of this session?

Hon. J. R. Nicholson (Minister of Labour): It is extremely doubtful, as I think I said earlier, whether the large number of amendments dealt with in the interdepartmental report based on the study ordered by the Prime Minister could be considered and covered in legislation for action during this session of parliament. We are, however, giving serious consideration to bringing some of these amendments into effect by order in council as early as possible next year.

UNITED NATIONS

SOUTH KOREA—WITHDRAWAL OF FORCES

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): My question is directed to the Prime Minister. A few days ago I inquired of him whether Canada had stated its position on two proposed United Nations resolutions concerning the withdrawal of the United Nations force from Korea. He said he would like time in which to examine the text of the resolutions. I wonder whether the right hon. gentleman has any further comment.

Inquiries of the Ministry

[*Translation*]

SHIPPING

WINTER NAVIGATION ON ST. LAWRENCE

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to ask the Minister of Transport a question related to the statement he made last night about what it would cost to facilitate winter navigation on the St. Lawrence. Can he tell us if his department has investigated that matter and, if so, if he is ready to table the figures?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): The matter is under study continuously but I have no special report to make at this moment.

[*Translation*]

Mr. Grégoire: A supplementary question, Mr. Speaker. Could the Minister of Transport table the report or notes he referred to last night before mentioning those figures? And could we know what they are?

[*English*]

Mr. Pickersgill: The only figure I mentioned was "many millions", sir.

[*Translation*]

Mr. Grégoire: Mr. Speaker—

Mr. Speaker: Order. The hon. member for Calgary South has the floor.

[*English*]

OLD AGE SECURITY

AMENDMENT TO INCOME TAX ACT TO MAKE INFORMATION AVAILABLE

On the orders of the day:

Mr. H. R. Ballard (Calgary South): My question is directed to the Minister of National Revenue. Having regard to the amendment which was placed before the committee of the whole house last night in connection with the measure to assist old age pensioners, whereby the Minister of National Health and Welfare would be authorized to call for information from the taxation branch of the Department of National Revenue, does the minister intend to bring in an amendment to section 133 of the Income Tax Act to permit him to make this information freely available to the Minister of National Health and Welfare?

Mr. Speaker: Order. It seems to me that the hon. member is pursuing a debate which has been going on in connection with the consideration of a bill now before the house. I would think that his inquiry might very easily be made when we return to the consideration of that measure.

Mr. Ballard: May I raise this matter at ten o'clock?

ADMINISTRATION OF JUSTICE

REQUEST FOR MEASURE TO INCREASE EFFECTIVENESS OF PAROLE

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): My question is directed to the Solicitor General. Has he considered any measures which would give wider application to the parole system? I have a particular case in mind, but I believe there is urgent need to make the parole system a better rehabilitative tool in carrying out penal reform.

Hon. L. T. Pennell (Solicitor General): I should like to advise the hon. member that amendments to the Parole Act and to the Criminal Code are now under study with a view to attaining the end he suggests.

• (3:20 p.m.)

OLD AGE SECURITY ACT AMENDMENT

PROVISION OF GUARANTEED INCOME SUPPLEMENT AND DETERMINATION OF PENSIONERS' INCOMES

The house resumed from Monday, December 19, consideration in committee of Bill No. C-251, to amend the Old Age Security Act—Mr. MacEachen—Mr. Batten in the chair.

On clause 3.

The Chairman: When the committee rose on Monday, December 19, clause 3 was under discussion. Is the committee ready for the question?

Some hon. Members: Question.

The Chairman: Shall clause 3 carry?

Mr. Diefenbaker: Mr. Chairman—

[*Translation*]

Mr. Grégoire: On a point of order, Mr. Chairman. Last night, when the house adjourned at ten o'clock, I had been speaking for five minutes, I think, and I was the one who called it ten o'clock. Therefore, would it not be normal that I be allowed to conclude today the remarks I had begun to make yesterday?

[*English*]

The Chairman: The hon. member for Lapointe.

[*Translation*]

Mr. Grégoire: Thank you, Mr. Chairman, I have only a few comments to make on this particular clause of the old age security legislation.

I feel, Mr. Chairman, that the Minister of National Health and Welfare (Mr. MacEachen) did not provide a satisfactory answer yesterday concerning the question of provinces which might want to implement or take over the old age security program.

The minister's defence is that this is merely hypothetical. Mr. Chairman, I should like to point out to the minister that it is more than a hypothetical question since it was specifically referred to in the speech from the throne, delivered at the opening of the present session of the Quebec legislature: That means that the government of Quebec firmly intends to take over the old age security field, since it announced it in the speech from the throne. Consequently, when he asks us to pass this bill, I feel it is the minister's duty to inform us as to the position he will take when the Quebec government decides to implement its own old age security program.

The minister must not ignore a situation which, obviously, is about to occur, since, as I said earlier, it is mentioned in the speech from the throne. The minister must not, like the ostrich, hide his head in the sand; on the contary, he should know what action will then be required. That is why we want an answer from the minister, since the speech from the throne clearly indicates that Quebec intends to recover control over the field of old age security. Faced with such a situation, what will the minister do? Why not provide, in the present legislation, for a fiscal compension to be paid to the provinces—or to Quebec, if that were the case for that province—which would decide to take over the control and administration of old age security?

I feel the Minister of National Health and Welfare should give us an answer in that connection. As a matter of fact, he should even provide in this bill for a fiscal compensation that would reduce or remove the problem raised by section 94A of the B.N.A. Act which grants priority rights to the provinces in the field of old age security.

I therefore ask the minister to tell us plainly what he will do when Quebec has passed the piece of legislation announced in the speech from the throne. I also ask him whether he does not intend, at this stage, in view of what will happen, to amend the bill so as to provide for a fiscal compensation to be paid to any province that wants to establish its own old age security plan.

[*English*]

Mr. Diefenbaker: Mr. Chairman, now that the Prime Minister is present opportunity should be taken to let the house and the country know what is the attitude of the government with reference to a situation that will shortly arise when the legislature of Quebec implements legislation to exercise its jurisdiction in reference to old age security and old age pensions in general? We have been endeavouring to secure information about that on two or three occasions.

Is it the intention of the government of Canada, in pursuance of its avowed dedication to unity to assure a province that in the event the province utilizes the power it has, the federal government, by subsidies and the like, will make available the necessary money to the province when it withdraws from the national plan? That is not a suggestion on my part in any way. It is simply a question as to what is going to be done. We have endeavoured to secure information from the Minister of National Health and Welfare, but the information has been as arid as the Sahara. We have not been able to get anything.

This surprises me, because I recall so well the various steps taken by the Prime Minister in his vocal adhesion to co-operative federalism. Is it now the intention of the government to desert its declaration in favour of that principle, or does it intend to apply it in such a way that, in a manner similar to that provided for in health insurance, the province or provinces can adopt a duality of system within this country? Where any province takes unto itself the enactment of legislation within its jurisdiction, the federal parliament has correlative jurisdiction, as provided by section 94A of the B.N.A. Act.

Mr. Pearson: Mr. Chairman, the right hon. gentleman has complained that he has not been able to get any information from this side on the constitutional point which he has brought up. But I would remind him that he got a statement last night from the Minister of National Health and Welfare, which I think dealt quite clearly and conclusively with this question. I have little to add to that statement.

Naturally, we believe we have complete constitutional authority to introduce this legislation, just as the federal government had authority to introduce pensions legislation in the first place. I recall that after that legislation was introduced there were many occasions in Quebec when the right of the provincial government was reserved to introduce legislation of this kind under the constitution, if they saw fit, because they do have the right to do it also. But there is no doubt in our mind of our constitutional jurisdiction in this field. We are exercising it now, Mr. Chairman, as it was exercised in the past. Indeed, as my right hon. friend himself was going to exercise it when he moved an amendment to this bill adding $25 to the pension.

Some hon. Members: Hear, hear.

Mr. Pearson: The right hon. gentleman—and I do not criticize him a bit for doing so—though it was quite fitting to make that kind of amendment even after the prime minister of Quebec had made his statement in Quebec. We are taking the same kind of action in a different way, and perhaps I might add for the same reasons and within the same understanding of our constitutional authority.

The right hon. gentleman said that a situation will shortly arise in Quebec by which we will be confronted with a particular piece of legislation. Mr. Chairman, he bases that statement on an intention in a speech from the throne in a provincial legislature. We do not know when that intention will be implemented. We do not know in what terms it will be implemented, if it ever is implemented, so to postpone action in this house in a matter of this kind because of that hypothetical situation would, I think, be entirely irresponsible.

Some hon. Members: Hear, hear.

• (3:30 p.m.)

Mr. Pearson: If and when a situation of this kind should arise where there is concurrent jurisdiction exercised provincially and federally, we would then know in what terms that exercise took place and what was the problem and what we might have to do to face and solve it. Meanwhile, I think we would be very ill advised were we to throw any doubt on our own jurisdiction by suspending action in this matter of supplementary pensions because of a declared intention in a speech from the throne in a provincial legislature.

Some hon. Members: Hear, hear.

[Mr. Pearson.]

Mr. Pearson: So, Mr. Chairman, I think what we should do now is complete consideration of this legislation, get it into effect as quickly as possible and, if and when the contingency arises—I repeat if and when it arises—we will then know how to deal with it in the terms in which it has arisen.

Mr. Diefenbaker: The Prime Minister has created a straw man, and then has demolished his straw man. I never at any time suggested the suspension of this legislation. I never at any time suggested its postponement. If the Prime Minister laughs, I would ask where in the statement I made did I infer that there should be a postponement? What I did ask was, what is this government going to do if there is a government in the province of Quebec which will carry out the undertakings which were made in the speech from the throne? I know that this government placed a lot of stuff in several speeches from the throne. They regard that as simply decoration. But I believe when the province of Quebec today places anything in the throne speech, it means to bring in the legislation and depart from the lack of principle that has been characteristic of this government.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I am convinced that the government of Quebec has a capacity for integrity in carrying out its pledges which has never been characteristic of this government. Until I find the contrary, I must accept that. Now then, I say to the Prime Minister, why all this evasive by-play? Nobody is objecting to the legislation which is before the house. What we are asking is this: What is going to happen to your highly vaunted co-operative federalism which you marched forth on every occasion in the past and ran away from whenever you were faced with reality? What are you going to do? The answer of the Prime Minister is one of complete evasiveness. He refuses to answer the question because he seems to believe that when the federal parliament passes this legislation it will then have exclusively occupied the field of old age security pensions and that from that day on the provinces will have no authority. That is not my reading of section 94A.

Mr. Pearson: If the right hon. gentleman felt this way, why did he move an amendment to this pension legislation adding $25?

Mr. Diefenbaker: You see, that is like asking a question when the answer is perfectly obvious.

An hon. Member: Answer it.

Mr. Diefenbaker: I want an answer to the question I asked. What are you going to do?

Some hon. Members: Oh, oh.

Mr. Diefenbaker: That is fine; the interruptions of hon. gentlemen opposite, as in so many cases, represent the complete contribution that they make to debate in this house. The only thing I regret is that they cannot be recognized individually by *Hansard* by their oh's and ah's, so that at least among their constituents they would be given credit for these interruptions.

What is obvious is that the Prime Minister will not answer because he is in difficulty. He dare not answer, and realizing the consequences of the declaration made by the minister he resorts to building up an imaginary situation. The fact still remains that the government does not know where it is going in this legislation in view of section 94A, and not knowing where it is going, as in so many cases in the past, it shuts its eye to the problem. It moves ahead ultimately toward difficulties; crises develop, and then ex parte legislation is introduced in order to meet the situation. The Prime Minister has given an answer. I accept it. They do not know where they are going.

Mr. Lewis: Mr. Chairman, the issue which has been raised and which is being discussed obviously is of the greatest importance to Canada. I should like to say a word or two on it, but not in terms of asking the government to say now what its policy may be if a certain thing should happen. Personally, I have the feeling that for the government to attempt to do that would not be a service to Canada or to federal relations with the provinces. To attempt to say now what may be done in circumstances, the precise nature of which are not yet known, would not be, as I have said, a service to the future of confederation in this country.

I suggest that when, in 1951, the amendment to the B.N.A. Act was made, it was obviously made because of a conviction across the country, shared by the provincial governments as well as by the federal authorities, that care of the aged of Canada must be so far as is possible equal across the country, subject to anything more that the provinces themselves may be able to do.

The principle on which this parliament has functioned in this field as I understand it, is precisely the principle that all the aged people of this country, wherever they may reside, are entitled to at least the little we are giving them to live on for the rest of their years in some dignity and self-respect. There are parts of this country which would not be able to afford such treatment for their elders within their boundaries unless the federal parliament took action.

If I may put it this way, the frightening thing about what has happened in the province of Quebec at this time is that not only did the government of that province demand exclusive jurisdiction in this field in the throne speech, but that the official opposition in that province expressed full agreement to that demand. As a result of that, I have no doubt that at some future date we will be faced with a very real and difficult problem, a problem which will be created not only by the Union Nationale government in the province, but also because the position taken, as I have read in the press, is fully supported by the official Liberal opposition. I am not unaware that there are some members of my own party in the province of Quebec who take a general line of this sort. The problem is not a partisan one in this country. The problem is a very real difference of opinion regarding certain fundamental constitutional matters.

While the Prime Minister, as far as I am concerned, is right in saying that he will not attempt to make any decision now on a particular problem, the precise nature of which we do not yet know, I do hope that the federal government itself, as I have no doubt it is—I would be heartbroken if it is not—is occupying itself very actively with this problem in its long term context. I hope that soon—and when I say "soon", I mean soon—the federal government will have the courage, if I may put it that way, to state to parliament and to the people of Canada the path which it intends to follow. We need a policy which will guarantee the kind of co-operation between the federal and provincial governments which will be designed for the benefit of all Canadians and not at the expense of the elderly people or any other section of our people who might suffer through a fragmentation of welfare legislation which is now within federal jurisdiction or to the extent that it is now within federal jurisdiction.

• (3:40 p.m.)

I did not rise to make a lengthy or impassioned speech, but merely to indicate that we, like all other members of this committee, recognize the seriousness of the problem. I agree that a decision cannot be made until we

all know the precise nature of the problem, if and when it does arise. However, I urge the government that the time has come when we, as a country, must face some of these problems and come to decisions. If this means a confrontation of ideas in this country, the longer we delay that confrontation the worse the situation will become. As we enter 1967, it seems to me the time is long overdue for us to make some definite decisions, so far as constitutional matters can ever be definite. We must make some definite decisions in these fields which concern the welfare and future of the whole of Canada and every section of our people.

[*Translation*]

Mr. Allard: Mr. Chairman, I cannot accept the general and diffuse interpretation given a while ago by the right hon. Prime Minister to section 94A of the Canadian constitution, thus bestowing steadily upon the central government a responsibility in the old age security field.

Section 94A is very clear, it is one of the sections of our constitution that lends itself the least to confusion and it is to the effect that the central government cannot hinder, neither now nor in the future, the provinces that decide to exercise such authority, such constitutional responsibility.

Besides, it is consistent with the spirit and the letter of the constitution. If we take the time to read the 1865 confederation debates, we will find out easily that the fathers of confederation, the politicians of that time in Canada, wanted to leave to the provinces the whole field of social security. And the 1951 constitutional amendment implies such priority, such precedence on the part of the provinces as regards social security.

I say that an active province, which Quebec is preparing to become in this matter as stated in its speech from the throne, and which decides to occupy the old age security field has a priority right. And when its legislation is passed, well it becomes an exclusive right on its territory.

Evidently, the central government can continue to legislate and operate in the old age security field for inactive provinces which prefer to let the central government look after the matter. This is the only meaning in my opinion, which can be given to section 94A. And this is why, in view of that crucial problem which will very soon arise, probably during the winter, in Quebec city, when a provincial legislation will be passed so that the Quebec government will take possession, according to its constitutional and prior responsibility, of the old age security field, it should now be foreseen what the federal government will do, if it will merely legislate in the case of other provinces, but not for the province of Quebec.

To govern is to anticipate. It is a truism we learned in college. We have had few opportunities to see it put into practice in this house since last January 18. Yes, to govern is to anticipate. And in this case, the antecedents or the precedents are what matters. When hon. members ask for a fiscal compensation, their arguments rest on antecedents, on other federal legislation where a fiscal equivalent was granted. And to quote a few examples, we have the education grants in 1964, if my memory is correct, and payments to universities in 1962. Therefore, if that procedure has given satisfaction and has abolished dissension between Canadians, between the provinces or a province and the central government, I fail to see why the present government refuses to anticipate. It is its responsibility to govern, anticipate and include in the present legislation the fiscal compensation for the provinces which will want to assume that field of social security.

The basic principle of federalism is a matter of balance and a matter of social justice also. And to reach a balance under our legislative system, it is necessary to anticipate clauses which will not result in discrimination and injustice toward any province which will want to occupy the field of social security.

If the central government refuses to anticipate, in the right direction, one can imagine what conflicts and disagreements will ensue when a province occupies the field of social security. And all this, Mr. Chairman, would occur during our centennial year, in that very year when Quebec, for instance, is going to pass within a few months, in 1967, legislation to get into the field of old age security. And the present federal government is going to let dissension occur during the centennial, when finally Canadians from coast to coast, in a fine constructive spirit, must try to prepare and cultivate further national harmony and fraternity.

I hope the government, and therefore the Minister of National Health and Welfare, will agree to amend the bill if they want it to pass rapidly and if they really want it to be free of discrimination and injustice against a province or provinces wanting to occupy the field of old age security.

[*English*]

Mr. Baldwin: Mr. Chairman, I referred to this matter first a week ago last Monday, on December 12. I did not do so because of a frivolous reason but because it is obvious, as the hon. member for York South stated, that there is a deep and serious problem here with which the government may be faced. One does not blame the government for introducing this legislation, although one may differ with the terms, but it is proceeding on the basis that in the past this field has been largely occupied by the federal government.

In view of the very definite and categorical statement by the province of Quebec, certified by the government and approved of apparently by the official opposition, it appears to be quite definite that we will shortly see provincial legislation dealing with old age security. It is not enough for the minister to say, and as the Prime Minister has said today, although there is a problem the government has a constitutional right to introduce this type of legislation. This is quite correct. I do not think anyone differs from that view. Of course, the government has the right to introduce it. But it is surely our duty, as the legislative body which authorizes the government to change the existing laws to provide for this supplement, to take a look at the future and see what will be the situation. We say to the government, here is a problem. Will you not admit it? Will you not tell us what you propose to do?

• (3:50 p.m.)

I made a suggestion, which I will come to in a minute, which I think might well be considered by the government. The hon. member for York South has raised the point. I believe that there is a very meritorious case to be made for arguing that the field is one which should properly be completely and exclusively dealt with by the federal government. I am not arguing that point now; not giving my view; there may be other opportunities to do so. But it is quite obvious that in 1951, when the then government attempted to offer that solution it was rejected by the provincial governments. We now have section 94A in its present form.

In 1964 the government, seeking the necessary constitutional amendments to permit it to introduce the Canada Pension Act, asked and secured from Westminster an amendment to section 94A providing for supplementary pensions including old age and disability. At that time I suggested the government give consideration to dealing with the provinces in an attempt to make the field exclusively federal. Obviously, there were difficulties and impediments; the provinces no doubt did not agree. We are, therefore, faced with the situation that exists today.

I think it would be a very embarrassing, ludicrous and impossible situation if, without there being any indication of what this government intends to do, we found that the province of Quebec, or for that matter any other province, had exercised its obvious constitutional right by enacting legislation which so far as the amount, ages and conditions are concerned differed completely from the federal old age security legislation.

If you consider section 94A and its obvious, plain meaning, it would appear that the ultimate jurisdiction still lies with the provincial government. The provincial government may say: In our opinion pensions should commence at a certain age. They should be for a certain amount and should be paid under certain conditions. If this were the case, it would quite obviously not be meeting the intention indicated through their legislation with regard to limits if, in addition to the amounts they prescribe, pensioners received the amount prescribed by the federal government. It would be an impossible situation, and one with which this house must be concerned now.

The law is there. I suggested to the minister that he might give consideration to making it quite plain that the minute the province does legislate, before that legislation was actually implemented the matter would be referred to the Supreme Court. Statements, with which I do not agree, have been made in this house and outside, that this is not a matter in respect of which the Supreme Court can adjudicate. I reject that argument. On one hand, the provinces turn to the British North America Act and say, because of the way this legislation is worded we have the right to enact social security legislation. We stake our claim on the ground of the British North America Act, but reject that act when it comes to establishing the forum in which this question can be discussed and tried if there is a conflict of opinion.

That is a proposition which I cannot support. It seems to me that the government should say: There is a problem. We did not create it, but it exists. We may be coming into a situation wherein we will be met with provincial old age security legislation which differs materially from ours. Under those conditions, we recognize the problem and intend to deal with it. I think that under

those conditions we, as a legislative body, should bring the question to the attention of the government and suggest alternative solutions. The government should recognize and accept the fact that the difficulty does exist. If we place alternatives before the government, I think we will have done all we can at this particular time.

I believe this is an important issue. It is not being raised for frivolous or delaying purposes. I think the house is entitled to raise the matter and obtain as competent and complete answers as it is possible for the government to give. I do not believe it is sufficient merely for the government to say that parliament has the right at this time to pass the legislation which the government has introduced. I agree with that position, but that is not a sufficient answer to the problem. A situation may occur in the future in this respect. I believe it is incumbent upon the government to indicate that they intend to solve the problem by negotiation and discussion, or if necessary by a reference as soon as possible to the proper forum for a final and binding adjudication. Anything less than that really does not satisfy me.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I only have two words to say. Considering what has been said in the course of this debate, I must reaffirm the position I have already taken on this matter which I, for one, call fiscal compensation in connection with this bill.

The right hon. Prime Minister (Mr. Pearson) says he is not prepared to make a statement now, and I understand him perfectly; as a matter of fact, I approve of his attitude, because I think such matters cannot be negotiated on the basis of newspaper articles or even on the basis of a speech from the throne, but as a result of talks and discussions between the provinces concerned and the federal government.

I might remind the government that a federal-provincial conference of ministers of finance is now going on at Ottawa and that this perhaps could afford an opportunity to initiate talks, particularly with representatives of the province of Quebec, or with spokesmen for any province which might eventually apply for fiscal compensation.

I do not agree with the member for York South (Mr. Lewis)—although his arguments are sound, sober and quite logical—when he submits that it is time for the government to face the provinces and maintain its position in the field of old age security. I admit that this is an area in which the federal government naturally has the right to intervene, but the provinces also have a priority in this field.

• (4:00 p.m.)

Mr. Chairman, I intend to vote in favour of the bill, because I feel that the federal government must take action where the provinces do not and ensure a certain degree of uniformity between the ten provinces. I personally feel that, when the time comes, the federal government must also grant fiscal compensation to those provinces wishing to administer their old age security program themselves. I would urge the government to take this suggestion into account, even though we recognize that the time is not yet favourable, that discussions have not yet taken place between the provinces and the federal government, and that it would be advisable to extend the period of dialogue and look into the situation at greater length.

I am referring to my province in particular, although the same situation may apply elsewhere. The federal government must recognize the fact that the government of the province of Quebec is presently demanding control of the old age security program and that the Liberal opposition endorses this claim.

I may say that a great majority of intermediate bodies of the province of Quebec would consider this a wise move on the part of the government, if it endeavoured to find a solution which would not encroach upon the rights of others and yet accommodate everybody. I repeat that this may not be an urgent question, a problem to be solved within the next 24 hours, but say in the next few months, following consultations which are necessary in such a case, the government should show good faith and take the necessary action, even if it imposes the minimum conditions providing for uniformity in the ten provinces, which I find is in order.

In certain quarters people will be surprised to see that I support the conclusions of my friend, the hon. member for Lapointe (Mr. Grégoire) on this matter. Even if I disapprove his way of presenting the project, or some of his arguments and expressions, I cannot but agreee with him when he has a flash of common sense, which does not happen too often. Mr. Chairman, I hope the hon. member for Lapointe will forgive me this smart remark, but this is a case where I feel compelled to stand in favour of his conclusions, as well as those of my neighbour in this

house, the hon. member for Sherbrooke (Mr. Allard). Even though I do not accept all their reasoning, I think we cannot escape the conclusion, not only with respect to Quebec province but also with respect to several other provinces.

It would probably help mutual understanding if the government were to say: Eventually, when we are through with the discussions that are necesary in order to come to some understanding on the terms and conditions of transfer, we shall agree to grant fiscal compensation to the provinces on request.

Mr. Chairman, I make this request of the government, in the best spirit possible and with the intention of being as constructive as possible.

Mr. Ricard: Mr. Chairman, as can be seen, the requests for explanations are not limited only to the group to which I belong, for the few remarks that were made this afternoon came from all corners and from all parties. This proves that the hon. minister must definitely make his stand clear, as regards section 94A.

The Leader of the Opposition (Mr. Diefenbaker) has asked the minister three times as well as the right hon. Prime Minister (Mr. Pearson), to state clearly what would be the position of the government as regards section 94A. This is also the third time I rise to ask our friends opposite to tell us where they will stand, once the government of the province of Quebec actually moves into this field of old age pensions.

There is no doubt that the premier of Quebec has clearly established his position when, in the speech from the throne of December 1, he stated the intention of his government to take action in the field of old age pensions. Mr. Chairman, his position is that much stronger because he has the firm support in this connection of the Liberal opposition in the Quebec legislature. It seems that he also has the support of the hon. member for Lotbinière (Mr. Choquette).

I said last week and I repeat it again this week: it is urgent that positions be clearly established, not only to prevent misunderstanding but also unnecessary legal proceedings which would bring about friction and suspicion between the parties concerned. We merely ask the Minister of National Health and Welfare to tell us what he will do when, for instance, the citizens of Quebec will declare themselves, by way of referendum, in favour of the occupation by the provincial government of the field of old age pensions.

There is no doubt, Mr. Chairman, that the population of the province of Quebec, if it is asked, will respond favourably to the question of knowing if the government of the province of Quebec should look after old age pensions itself. If, as the hon. minister has said, we are going to wait and see what happens, this will only postpone the administration of a remedy, which could be done right away, because for human relations, the situation is almost the same as for diseases; one ounce of prevention is worth one pound of cure. Now, in order to avoid meeting countless difficulties for the minister, we ask him to state his position right now.

He told us three times that the provincial government had jurisdiction in this field, and the federal government also. He did not have to tell us, we knew it already. The answer is in section 94A. What we do want to know, on the other hand, is whether the hon. minister will grant the fiscal equivalent to the province that decides to take over old age pensions.

This does not mean that the province of Quebec, sooner or later, will be the only one that will decide to assume the responsibility for old age pensions. It way well be that other provinces will decide to do so as well. We would like the hon. minister to tell us clearly whether he intends to give fiscal compensation to such provinces as may decide to have their own old age pension plans.

Will the same policy as was followed in other fields also apply to that of old age pensions? That is what we want to know. It seems to me that this question is reasonable. I would understand the minister being careful, if the question originated only in the Conservative party, but it so happens that it comes from all sides of the house. I am sure that several of his Liberal colleagues have also put this question to him in the inner circles of the caucus. I would like him to answer everybody, because no one will be led to believe that this question does not create concern in the minds of certain members opposite from the province of Quebec.

Surely, this matter is of great concern to them, and the minister should take advantage of this opportunity to allay the concern of those with whom he shares party responsibilities.

Let him, therefore, tell his Liberal colleagues what will be the position of the government if the province of Quebec and other provinces choose, some day, to move into the old age pension field. In a situation such as this, is the minister going to grant or refuse fiscal compensation? A denial will lead inevitably to double taxation.

Those are the questions we are asking the minister, and I urge him to reply, because they concern not only the people on this side of the house, but also several members from the province of Quebec.

[*English*]

The Chairman: Is the committee ready for the question? Shall clause 3 carry?

[*Translation*]

Mr. Ricard: Mr. Chairman, before this clause carries, I should like once more to tell the minister that his attitude is totally inconsistent with the spirit of mutual understanding all across Canada and, some day, he will certainly regret refusing the house the information to which it is entitled.

• (4:10 p.m.)

[*English*]

Clause agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the said bill be read the third time? By leave, now?

Mr. Churchill: Tomorrow.

Some hon. Members: Now.

Mr. Churchill: Mr. Speaker, two amendments have been introduced by the Minister of Transport, and we want to see the bill reprinted.

Mr. Knowles: Mr. Speaker, would there by any disposition, if the bill could be reprinted in time, to having third reading later this day? Perhaps I can direct my question to the hon. member for Winnipeg South Centre (Mr. Churchill). Perhaps we could take third reading at eight o'clock tonight.

Mr. Deputy Speaker: Is it now the understanding of the house that if the bill can be reprinted it will be given third reading later this day?

Mr. Rynard: No.

Some hon. Members: Agreed.

[Mr. Ricard.]

Mr. Churchill: There is no agreement here, Mr. Speaker.

Mr. Deputy Speaker: Next sitting of the house.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

House in committee on Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

On clause 1—*National transportation policy.*

Mr. Pickersgill: Mr. Chairman, I wonder whether on clause 1 I might make one or two observations about the bill itself which I think are directly related to the progress of the bill.

In the first place, Mr. Chairman, if it is not against the rules, I want to express my very deep appreciation to the hon. member for Hamilton West, who I think all members of the committee in every part of the house will agree, did a painstaking job as chairman of the committee. It has certainly not been my experience that any piece of legislation that I have had anything to do with has received a more thoroughgoing and conscientious scrutiny by a committee. I want to say that I do appreciate the part played by members from all parts of the house in their consideration of this bill.

I think we all realize that transportation, as I have said too many times already, is the bony structure of our country and that it is very important to keep the skeleton healthy if the body politic is to be at all healthy. We had a big responsibility, when we came to do something about its basic structure, to make sure that we did it well.

At the same time, I might be permitted to point out what will be the legal and administrative consequences of our failure to complete this bill by December 31. In saying this, I am not trying to kid anyone that this parliament will be able to dispose of it by December 31. I would hope this house might, but I do not think that in the few days before Christmas we could dispose of the bill in committee here and expect the hon. members of the other place to rush through a bill of this magnitude in an hour or two.

At the same time we should be aware, as I say, of the legal and administrative consequences, as nearly as I can outline them, of

our failure to pass this bill. It seems to me they illustrate the importance of making as much progress as we possibly can between now and the adjournment, so we can dispose of the measure as early as possible in the new year and offset the effects of these consequences to such extent as we can.

There is no provision in the estimates for any further payments to the railways beyond December 31 of this year. It was assumed and hoped, and I think expected until fairly recently, that this bill would have become law by that date. As these payments to the railways are to some degree made in recognition of certain things that they are doing voluntarily, it will be somewhat difficult to expect them for a long period—I hope not even for a short time; but certainly not for a long period—not to exercise what rights they may have under the law existing on January 1 unless there is evidence that we seriously intend to make changes in the law along the lines which, as a result of the deliberations of the committee, I think most of us seem disposed to make.

As hon. members know, the non-competitive freight rates have been frozen. Originally, they were frozen by law. That law has long ago expired and the rates have remained static by the voluntary action of the railways. If there is reasonable evidence to show that we are not going to take too long in the new year, I hope there would be no disposition on the part of the railways to disturb that freeze. But we should remember that it is not part of the law and what they are doing at the present time they are doing voluntarily.

Whatever criticisms hon. members may still have of some aspects of the new bill, I think all of us would feel that it would be very regrettable if there was any attempt to make any rate changes under the old law. We do recognize the many disadvantages that those rates have. This is particularly true in the Atlantic provinces or the select territory, which includes the eastern part of Quebec.

• (4:20 p.m.)

In that area we are not merely proposing in this legislation to maintain the freeze for two years but we are proposing to maintain the roll-back, which would also cease to operate after December 31 unless the railways voluntarily decide to continue it in the hope that parliament will act in good faith and with reasonable expedition.

The order in council providing for the at-and-east grain rate freeze also expires on December 31. Since that order in council provides for compensation to the railways for maintaining these rates, and since no funds have been provided for this purpose in the estimates, again because we expected that this legislation would take the place of the estimates, an awkward problem once more arises. I do not say it is an insuperable problem. But it is an awkward problem.

Then, there is the question of the undertaking given by the railways to withdraw all their applications for branch line abandonment on the so-called protected lines. They have given an undertaking to withdraw them as soon as this bill receives the royal assent, and they have so signified before the transport commissioners.

That undertaking is, of course, contingent upon the passage of the legislation. I am glad to say that the Board of Transport Commissioners, as a result of the intervention I made when the measure was brought up here in the house, has agreed not to hear any applications for abandonment in the prairie provinces while this bill is before parliament. However, if we spend a prolonged period on this measure it is a nice question whether we can in reason and in equity maintain a freeze of this kind. Here again, I trust there will be no problem because we will proceed with the kind of expedition which I hope will be shown.

The present provision for the grade crossing fund also expires on December 31 and was to be replenished under this legislation. It will, of course, be possible in anticipation—because this is a genuinely unforeseen situation—to make some temporary provision to ensure that none of this very necessary work is held up. Again, this means that extraordinary action will have to be taken because we have not been able to deal earlier with the measure before us. I am not criticizing anyone when I say this. I recognize that there has been much to do. But I feel we should know what the facts are.

The hon. member for Medicine Hat brought up a question, on the orders of the day, about which I might say another word. This is something about which the government can do nothing of its own motion, except pray. The Canadian Pacific Railway has voluntarily undertaken to pay grants equal to one third of the municipal taxes which would otherwise be levied but for their constitutional exemption. They have agreed to pay these taxes in the first calendar year after the passage of this legislation. It was anticipated when this offer

was made that the year in question would be 1967. The railway will pay two thirds in the following year, and the full amount in the third year and thereafter.

This is a voluntary undertaking and while I could ask the company to overlook the fact that we have not found it possible to act by the end of December—and I would naturally be glad to do this—we must remember that this offer was made in anticipation of the freedom which would be granted under this new legislation. This freedom would enable the railways to compete for revenue in a way in which they are not able to compete at present.

Since the company is paying money out of its own treasury on the assumption that it will get this extra revenue, it would be rather humiliating for the government to have to say: notwithstanding the fact that we could not do what we had hoped and expected to do to enable you to earn these additional sums, we would nevertheless like you to pay these taxes. I hope that if we do not take too long in our consideration of this legislation in the new year the C.P.R. might, from the point of view of public relations, be disposed to listen to some such prayer. But there is no way of compelling the company to do so.

With respect to the government's announced intention of asking Canadian National Railways to pay grants in lieu of taxes of the crown-owned part of the C.N.R. system, that too, was contingent upon our placing the Canadian National in a position by the first of the year to earn this money. The government would, I think, have to reserve its decision as to whether it would impose this extra burden on the treasury—because that is what it would amount to—if parliament took too long about putting the railways in a position to earn the additional revenues which they had hoped to earn as a result of the passage of this legislation.

I think these are the main difficulties which arise as a result of our inability, up to now, to dispose of this legislation. I put them forward so that we shall all be reminded of them here, and in order that the country may be aware of them. If we in this chamber can in the next three days dispose, or largely dispose, of the committee stage of this bill so that it could be dealt with by the other place early in the new year there will not, I hope, be any serious conseqences arising from the delay. But should there be a protracted delay there may be considerable difficulty, as I think hon. members will agree.

It seems to me that if there is not a disposition to deal with clause 1 reasonable quickly we might agree, after some discussion of it—and I think there should be some discussion of clause 1 because it is so fundamental to the rest of the bill—that we might proceed to consider some of the other clauses and make progress with them. There are some hon. members who are not present today. I would be quite agreeable, if other hon. members thought it fair, to having some discussion on clause 1 and then adjourning the debate on that clause.

• (4:30 p.m.)

If hon. members felt, after having some discussion on clause 1, that the clause should be stood to give an opportunity to other hon. members not now present to make observations on it, I would be quite agreeable. In the interval, we could make progress with some of the other clauses and thereby save time after the Christmas adjournment.

The bill speaks for itself. It is reprinted with the amendments that were made in the standing committee. There are one or two additional amendments that may be proposed during consideration of the bill in committee, but in the main I am recommending it to the committee as it is now.

Mr. Olson: What are the clauses that the minister is considering amending? Possibly he has not got the exact language of the amendments before him, but it would be of assistance to know which clauses are to be amended.

Mr. Pickersgill: I am told that one of our colleagues is going to make a proposal with respect to mergers and the purchase of transportation companies by other transportation companies. I have seen his proposal, and it looks to me like a pretty good amendment. I am rather disposed to accept it but I want tc hear the views of the committee before reaching a final decision.

There is another amendment, not small in amount but in scope, relating to the transitional subsidy clause, which arises out of protracted consideration which I gave to some of the representations that we received when the bill was being considered in the standing committee and on which, at that time, I had not reached a conclusion.

I promised the hon. member for Saint John-Albert and the senior hon. member for Halifax that I would look again seriously at

the bill to see if we were adequately protecting any rights in existing legislation which the Atlantic ports have in order to make absolutely sure that any such rights were not taken away by this bill. I have had an explicit amendment drafted which I will be proposing at the appropriate time.

Then, there is a very small, technical amendment about the apportionment of tolls. Those are the only four upon which I have definitely decided. There is one other possibility that I am still thinking about, but I have not yet been able to make up my mind.

Mr. Horner (Acadia): Mr. Chairman, we have just listened to a plaintive plea which arises from a mismanaged house. Instead of dealing with what this bill will accomplish for Canada, the minister dealt at some length with the manner in which the bill was introduced and the deadline that he placed on himself in introducing it. He told us that at one time he had great hopes of having it passed by December 31, but now he does not think it at all possible that this can be accomplished. I would like to state that it cannot be accomplished because of the government's mismanagement in bringing this legislation before the house.

We spent something like seven to ten days discussing medicare, which will not become effective until 1968. If this transport legislation was so urgently required and had to be passed by January 1, 1967, why did the house spend seven to ten days on medicare which will not become effective until July, 1968?

Mr. Rynard: Maybe.

Mr. Horner (Acadia): And maybe not even then. Why did the government insist on the house spending something like nine days debating unification, for which Canada has no immediate need and which would not save the taxpayers $1 million even if it were implemented today? Why did the government keep the house bound up in that debate for nine days if time were required to consider this legislation which is urgently needed?

Why did the government play on words with regard to the old age security bill with which we have just been dealing? Four months ago we were told that there would be no means test, no needs test. But then the government introduced an income test, which is nothing more than a play on words and has aroused a great deal of indignation across the country. To top it all, the government introduced a budget last night and blamed the tax increases on the senior citizens. This is shameful treatment of our senior citizens. The government has used time consuming methods with respect to these three pieces of legislation, one of which is almost passed and the other two which it hopes to have passed soon.

I honestly believe that the Minister of Transport did his best to get this bill through the house by January 1. I hold nothing against him, except I am sorry he did not have more persuasive power with his colleagues. He should have been able to convince them that this legislation should have been introduced sooner because consideration of it would require more time than is available between now and January 1 next.

I want to point out that we on this side of the chamber co-operated fully when the legislation was introduced. We gave up the resolution stage debate, which could have lasted ten days on such an important piece of legislation. We gracefully acknowledged the fact that there was only so much time left for consideration of the bill, and then we proceeded as quickly as possible to give the bill first and second reading and send it to the transport committee.

In the transport committee we heard one brief after another in rapid succession. I do not hold this against the minister, the government or the committee chairman, but we heard the briefs in rapid succession. In the process 3,000 pages of evidence were piled up, in an endeavour to return the bill to the house as soon as possible so that it could be dealt with by January 1, 1967. If it is not now dealt with by that date I say the responsibility lies with the government, and not with the minister or with the opposition. Both the minister and the committee worked to meet the time objective, but we were unable to convince the minister's colleagues that they should co-operate.

This is an important piece of legislation, and I am going to quote the minister's exact words, as recorded at page 1666 of volume 23 of the standing committee's proceedings, to show hon. members what we are dealing with here. The minister said:

> There is not, I am sure, any more important piece of legislation before parliament, not even the Bank Act, which I do not wish to disparage in any way but which is, after all, just a revision of existing legislation.

• (4:40 p.m.)

Then the minister went on to say:

> This is a fundamentally revolutionary change that is being proposed here.

This is not in an ordinary thing; this is a fundamental, revolutionary change which is being presented in this bill. In the light of this, I urge the committee to consider this bill very fully. Then, he went on to say:

> We are proposing for the first time since 1903, when the board of railway commissioners was first established and rates were set for practically all kinds of railway activity, to put the railways in a position of running themselves like any other business does except in the areas where they have a monopoly.

In other words, after this bill is passed, the railroads will be like any other business, except in areas where they have a monopoly. That has been the contentious issue. Where are those areas, and what protection does this bill give those areas?

Then at the top of page 1667 he went on to explain what a difficult time he had in attempting to agree with this revolutionary change. He said that it was difficult to come to such an agreement. He dealt at quite some length with the difficulty which he had in wrestling with this whole problem. So, this bill is put before us. It contains a revolutionary change, a departure. In the committee on transport and communications, we were asked to consider this at length.

I should like to touch a little on the history of transportation in Canada. The Manitoba brief, in proceedings and evidence No. 38, dealt with this question. I should like to read from page 2555 of the committee proceedings:

> In the early days of confederation, national policy was concentrated mainly on fostering the political unity and economic integration of the newly united provinces.

In other words, transportation played a real part in bringing us together politically and economically. Now, this policy is going to be discarded in this new bill. We are going to treat the transportation system as just another business. That is the first real step we are taking in clause 1 of the bill. The submission continues:

> Due to the distances which separate Canada's producing territories and consumer markets, development of the country's resources depended upon railway construction and low transportation charges to facilitate the flow of products to market. The people of Canada have given the aid necessary to procure adequate transportation facilities.

In other words, down through the years, through taxation the people of Canada have provided adequate transportation facilities to enable the producing areas to get their goods to market and the consuming areas to utilize the goods produced all across Canada. The submission continues:

> The ultimate goal of the public policies of the various federal governments since confederation was to maximize and equalize opportunities and benefits for all Canadians in all regions of the country.

That has been the basic reasoning behind all transportation policies in years gone by. This bill is a revolutionary change from all that. It will set up the railroads as business entities and the suggestion is that we no longer need them as public utilities. In a sense, this is what we are being told; this is what this bill purports to do. Let us look at the possibilities. Are they still public utilities? Are they something similar to General Motors, or are they something similar to a Canadian utility which is providing power, for example, to the city of Ottawa, or something like that? According to my interpretation they certainly still are to quite a large extent public utilities.

One has only to go through the committee proceedings. One might look at page 1669 of committee proceedings No. 23 where it is outlined clearly by the minister that these rates are going to be subsidized. These are subsidized rates for grain moving to the maritime ports. In other words, there is an area here in which the railway still is a public utility. We see in the bill, as the minister points out on this same page, that the Crowsnest pass rates will be maintained at a subsidized rate, and in a sense the railways still are a public utility.

One could go through the areas of Canada and point out the many aspects in which the transportation system in Canada is still basically a public utility. Even if it is only partially so, then government regulations should have something to do with the permissible earnings of that public utility. If the government is going to give somebody a sole right to serve a given area, then it is its duty to make sure that the level of rates charged in that area are not exorbitant or abusive. If one feels they are not a public utility but rather a corporate entity, then of course there is nothing to stop them going ahead and charging any rates they wish.

One other aspect with which I should like to deal is that clause 1, in a sense sets up, the commission and does so in such a way that it causes some concern to the C.N.R. and the C.P.R. The commission is not necessarily going to be a cure-all. Just because we link all modes of transportation under one commission does not necessarily mean we are solving

all our transportation problems. This is outlined very well by the C.P.R. in committee proceedings No. 28 at page 2059. The C.P.R. had this to say about the establishment of the commission itself:

> The McPherson Commission did not contemplate a commission having jurisdiction over all modes of transport.

Many people believe that this piece of legislation is based directly on the MacPherson Commission report, but here the C.P.R. points out that the MacPherson Commission did not envisage a commission such as this bill would set up to have jurisdiction over all modes of transportation. It recommended the creation of a national transportation advisory council to undertake the task of conducting the studies necessary to achieve the goals of a national transportation policy. They go on to deal at some length with what a national transportation policy should include. They say this:

> It is important that care be taken that the study and research function of the commission does not become confused with its regulatory function, nor that it results in the commission assuming some of the functions of management.

In other words, a warning is given. The MacPherson Commission did not necessarily recommend a commission which would be as all encompassing as this one is.

• (4:50 p.m.)

Mr. MacDougall also suggested the MacPherson Commission felt that care should be taken to make sure that the research and administrative functions of the commission were not to be too closely knit or related to the regulatory functions of management. As recorded at page 1728 of the Minutes of Proceedings and Evidence of the committee on transport and communications a representative of the C.N.R. said:

> Well, the new national transportation legislation that they have in the United States in so far as the regulation of railroads is concerned, is mainly directed to the general sort of administrative and research aspects. They have not attempted by that to take over into this new body the functions of the Interstate Commerce Commission in regulating and controlling various modes of transport.

In other words, in the United States the national transportation policy is related to administrative and research aspects while the Interstate Commerce Commission is the regulatory and controlling body. Through this bill we are trying to link these together. At the same page Mr. MacDougall of the C.N.R. dealt at some length with the dangers involved in linking these several functions.

At pages 1768 and 1769 Dr. Bandeen pointed out that the research aspect must be kept independent. He said:

> First of all, we have a feeling that there is a need for independent research—independent of the government, independent of industry in Canada—

He wondered whether or not this independent research would really remain independent over the years if it were linked closely with a regulatory body. There is a danger in this regard. Caution should be taken in setting up this commission to see that all modes of transportation are not placed under its jurisdiction. The two briefs presented to the commission which dealt to any extent at all with commodity pipe lines suggested that their operations should not fall under the jurisdiction of a commission such as will be set up by this bill, and that they might better be left under the jurisdiction of the National Energy Board. I think we are going too fast by placing regulatory and research functions in the same category, and by placing all modes of transportation under one commission. That is not a recommendation of the MacPherson Commission. Representatives of the railroads themselves have expressed fear about putting regulatory and research aspects under one commission.

I should like to mention one other aspect of this bill to which the minister has referred, and I have in mind the formula devised for rail line abandonments. Some years ago 4,000 miles of railroad trackage on the three prairie provinces were the subject of abandonment applications. If my memory serves me correctly, 1,800 miles of trackage on the three prairie provinces is to be abandoned. That is nearly half the trackage involved in the prairie provinces. In this regard, I intend to move an amendment to clause 1 of this bill which I hope the minister will consider seriously. It is my proposal that the word "adequate" should be added to line 4 of the first page of the bill. In other words, it now reads:

> It is hereby declared that an economic and efficient transportation system—

I suggest the word "adequate" should be added so that it would read:

> It is hereby declared that an adequate, economic and efficient transportation system—

That may appear to be unimportant, but I suggest it means a great deal when you consider the wording of that clause and the attitude of representatives of railway companies, particularly in areas of the prairie provinces. What is the most economic and efficient transportation system? Perhaps one track running

through the heart of the prairies would be the most economic and efficient, but that is taking efficiency and economics to the 'nth degree. This clause does not take into consideration the adequacy of the system, as was suggested by the Manitoba brief.

Let me deal now with this general rail line abandonment aspect of a transportation system. On the prairies, we are very concerned about these abandonments because when the minister made his announcement regarding this bill there were 4,000 miles of track proposed for abandonment. The minister announced that 1,800 miles of the 4,000 miles involved in applications for abandonment had been nailed down to protect certain areas. He said the other 2,200 miles—

Mr. Pickersgill: I think the hon. gentleman has inadvertently made a factual error which he would like corrected. I said we had nailed down all but 1,800 miles. What I said was exactly the opposite of what he suggested.

Mr. Horner (Acadia): I accept the correction and I thank the minister for it because I was wrong. There were 2,200 miles nailed down and the other 1,800 miles were up for abandonment.

Mr. Pickersgill: Actually more than 2,200 miles are nailed down.

Mr. Horner (Acadia): I was referring to the applications before the board prior to the minister's announcement.

Mr. Pickersgill: That is right.

Mr. Horner (Acadia): Those applications are now before the Board of Transport Commissioners. In the last week there has been renewed interest in these applications. The minister stated clearly in the house last Friday that these applications would not be proceeded with until the bill before us was passed. I should like to be clear on that point, because when this bill is passed presumably these applications will be dealt with by the new commission. I should like this difficulty cleared up before we pass clause 1 of this bill. If 2,200 miles of trackage on the prairies is to be nailed down, the citizens of the areas involved should know why one track is to be maintained until 1970 whereas another will be abandoned. In other words, in order that various lines be treated on an equal basis they should all be considered under this new transportation concept. I have some doubts in this regard as to clause 89.

[Mr. Horner (Acadia).]

My interpretation of this new concept is that applications now before the Board of Transport Commissioners will be dealt with after this bill is passed and the new commission is set up. What I should like to know is whether the Board of Transport Commissioners will then deal with the applications now in existence. That is what the railroads think. This is the reason I am raising the question of rail line abandonment. If some lines are to be saved under this new transportation concept, the commission should judge other lines in the same light. I cannot stress this point too strongly because there is, without doubt, a great deal of concern across the country in this respect.

• (5:00 p.m.)

I should like to deal with one other matter under clause 1 of the bill. What does this measure do? We are setting up a commission to regulate all modes of transportation. We are going to remove, to some extent, the regulations that now govern and control the railroads. We are going to free the railroads. What will be the end result of this measure? I have come to the conclusion, after sitting in the committee for many, many days and asking numerous questions, that the end result will be increased freight rates. One has only to read pages 1765 and 1766 of the committee proceedings to come to this conclusion.

As will be seen from page 1765 of the committee proceedings, Mr. Gordon was asked this question, and Mr. MacMillan was asked questions in this connection at the top of page 1766. The answer given was that there was no alternative, freight rates would be increased. The hon. member for Wellington-Huron prodded the president and future president of the C.N.R. The answer was that freight rates would be going up. The question was asked in Minutes of Proceedings and Evidence No. 28, as will be found at pages 1970 to 1972. It was asked of Mr. Crump, chairman of the C.P.R., and he said that after careful consideration freight rates would go up. They have to go up because the subsidies are being reduced and the railroads have been subjected to a freight rate freeze. Everything has been going up.

The result of this bill will be an increase in freight rates. Let us consider that aspect of the matter alone and ask ourselves whether we should hurriedly pass this bill. Inflation has run rampant across Canada in the past year. It is now slowing up a little. What effect will the passage of this bill have on the economy? Transportation has a bearing on the cost of everything we consume and produce. The

presidents of the two major railroads have said that if this bill passes, freight rates will go up. The price of goods will therefore go up; there is no alternative. Any increase in freight rates will be passed on to the consumer in Canada or some other country. We are going to increase inflationary pressures with the passage of this bill. There is no other conclusion to which one can come after reading those pages of the Minutes of Proceedings and Evidence of the committee to which I referred.

The consumer will pay a higher price for goods because the cost of transportation is a built-in cost in respect of everything we produce and consume in Canada. This is another matter that we, as legislators, should consider very, very carefully at this time. We have seen inflation run rampant across Canada. Housewives from Vancouver to Halifax have become organized and have been boycotting supermarkets to an extent never before envisaged in this country. Certain measures have attempted to deal with the problem of inflation. I refer to the attempted budget of a couple of months ago, and the budget of last night. These measures attempted to deal with the problem of inflation. I believe that inflation is reaching the end of its course, and that the passage of this bill will result in more fuel being thrown on the fire of inflation. Once again, prices will spiral.

The Deputy Chairman: Order, please. I hesitate to interrupt the hon. member, but the time allotted for his speech has expired.

Mr. Pickersgill: Mr. Chairman, I wonder whether the committee would not be disposed to allow the hon. gentleman to continue?

The Deputy Chairman: Is there unanimous consent that the hon. gentleman should be allowed to continue his speech?

Some hon. Members: Agreed.

Mr. Horner (Acadia): This is very generous of the committee, Mr. Chairman, and I will not abuse the generosity of hon. members by continuing at length. I have said what I think this bill will do. It is an all-encompassing bill. It sets up a commission to look into the problems of transportation. In summary, I would say I am gravely concerned about this commission. I wonder whether it will have the proper facilities to undertake research and look into the regulatory and management aspects of transportation. A real attempt, should be made by the commission and the government to keep these two aspects as separate as possible. The whole country, particularly western Canada, wants an answer to the question I have raised with regard to rail line abandonment. Will the applications now before the commission be dealt with by the commission after this bill passes, or will they be dealt with by the old Board of Transport Commissioners? This is a question to which many, many people in western Canada would like an answer. They are very concerned about this matter.

The people of western Canada see some rail lines being saved under our new transportation policy, and some discarded. In a sense that is just what they are, discarded. There is some hope held out for some lines until 1975, and no hope for others. These people want to know the formula which provides this degree of safety for some lines but not others. That formula was never given in committee. There was an attempt at rationalization on this question. An hon. member asked whether the criterion used was so many thousand bushels a day to be hauled per mile of track. The minister said no, we could not really peg it on that. He said that criterion was used, but we could not peg it on that sort of thing.

The question of rail line abandonment is extremely important. Of course, the most important aspect of this whole transporation legislation is this: We as legislators, must ask ourselves whether we consider the railroads in Canada to be corporate entities with no obligation other than to make a profit for their shareholders, or do we consider them still to be providing a public service and to be partially, if not completely, public utilities? This is the question we must ask ourselves before this bill passes or even before too many clauses are dealt with. When we reach clause 16, say, we will have to decide whether we consider railroads to be 50 per cent or 60 per cent public utilities. We will have to direct our remarks to this aspect of the matter and decide whether clause 16 will give the protection necessary in order that the shippers and citizens of this country may utilize the public utilities which we have set up and enjoyed over the years.

In concluding my remarks on clause 1, Mr. Chairman, I point out that I will be moving an amendment to this clause. I will not do so at this time because it would be fairer if the minister had an opportunity to consider my suggestion. The suggestion is to include the word "adequate" in the clause. I hope the minister, his officials and the government, will consider the inclusion of that word because I

believe it should be in the clause. I think that all people in this country, particulary those in the west, believe we must have an adequate, economic and efficient transportation system.

• (5:10 p.m.)

This was suggested in the brief submitted by the Manitoba government.

I will conclude my remarks with the suggestion that if the bill is passed at this time—even if it is passed by December 31 as the minister urges that it should be—we will be adding fuel to the inflationary fires because the costs of transportation will go up. I believe that this point should be considered during the debate on the bill. We should remember that inflation has been one of the greatest problems which has faced Canada during the past year.

Mr. Schreyer: Mr. Chairman, the preamble to the bill advises us that the bill is intended to define and implement a national transportation policy for Canada. In the minister's own words the intent of the bill is to bring about a fundamental change in our transportation policy, in the freight rate charges, etc. This being so, I think the minister was quite right in pointing out a little earlier that he really does not expect us on this side of the house to hurry along the passage of this legislation. It is unfortunate if the delay in processing this legislation will cause some embarrassment to the government. However, this problem will have to lie on their doorstep because it is the result of their own actions. When the minister spoke about the awkwardness which will result from the delay in the passage of the legislation he must have realized that he will simply have to find ways and means of extricating the government from this awkward position. He mentioned the fact that certain orders in council will lapse at the end of the year. I suggest that if it is only a case of orders in council lapsing, the cabinet will have to deal with that problem as they see fit.

Mr. Pickersgill: Unfortunately, it is not only orders in council which will lapse but also statutes.

Mr. Schreyer: In that case, I expect that the railway companies and the government will be able to come to some understanding so that the spirit and intent of the new legislation will be honoured in the interval until it actually comes into effect.

I wish to take this opportunity to make some remarks on the over-all purpose and

intent of the legislation. It seems to me that in putting forward the legislation the government and the minister have committed one rather obvious error. They have taken the railway transportation and freight charges further away from regulation and have put too much faith in competition as an effective means of protecting the public interest. It may well be that certain evidence has come to light in the past years which would indicate that competition has increased in recent years, and has thereby become more effective in protecting the users of transportation services. That premise is certainly open to debate. But even if it were to be conceded that in some respects competition in the transportation industry has increased, it is also a fact that in certain regions of this country this is less true.

I think that those regions of this country which produce primary products will be adversely affected by the provisions of this legislation when it becomes law. I submit that there has not been sufficient evidence put forward to date to indicate that we would be well advised to consider competition as a proper basis for the control of freight charges in this country. I believe the hon. member for Acadia was right when he said that it is in the national interest to continue regarding railway transportation as a public utility. I think he said this on several occasions. If it is, in fact, to be considered as a public utility then we should continue to rely upon regulation as the proper means of protecting the public interest.

However, I wish to give the minister credit for the fact that, after having introduced the bill and having sat in the committee where representations were made by various organizations, he acknowledged some errors in the legislation. In fact, he proposed a large number of amendments to the bill.

I have made a rough estimate of the amendments which have already been incorporated into the revised version of the bill and they number around 60 or 64. The net effect of the more important aspects of these amendments was for the government to retreat a little way toward a greater reliance on regulation as a means of protecting the public interest. I think the minister, after having heard the numerous submissions made to the committee, realized that too many people were concerned and worried by the tendency of the legislation to emphasize competition rather than regulation. After this was pointed out to the minister, he acquiesced to a certain extent and put forward some amendments to the bill.

Even if we acknowledge at this stage that we should rely on regulation more rather than less, it must also be said that if regulation is to prove effective it must be given a chance. By this I mean that the commission, which is the regulating authority, must be given proper terms of reference and proper statutory authority to do its job. However, what do we have in the bill? The most important clauses of the bill having to do with rate control and regulation contain terms of reference and formulae which are not based on reality but on some fictitious standards.

Almost every organization which appeared before the committee and presented briefs has objected vociferously to those standards which, nevertheless, have been allowed to remain in the bill as originally drafted. I wish to say to the minister that, owing to the fact these important objections have not been dealt with and the right kind of changes were not made in this respect, I and several other hon. members here would find it very difficult to vote in the affirmative on these clauses. Of course, it follows that we would find it difficult to vote in the affirmative on the entire bill.

• (5:20 p.m.)

I do not want to take time at this stage to enter into any kind of polemic debate or digression as to the desirability for or relative effectiveness of public ownership versus private ownership in our transportation policy. But it seems to me that if we are to be really serious about defining and implementing a national transportation policy that is rational to the highest possible degree, we must enter upon such a debate, and the sooner the better.

There may be no virtue in public ownership in itself. I submit there is no virtue in private ownership in itself where there exists the kind of circumstances which require pervasive regulation in order to protect the public interest. Yet, that is precisely what we must have; we must have pervasive regulation of our transportation services in order to protect the public interest.

As I have already said, the reason for that is that there is simply not enough evidence to date to show conclusively that we can move toward more and more reliance upon competition as the means of protecting those who use our transportation services in order to stimulate their functions in our economy.

As a member of the standing committee on transportation and communications which was charged with the responsibility of studying this bill clause by clause, may I say I found the experience very worth while. In many ways I felt we did accomplish something. But in one very important respect the work of the committee was an exercise in futility. I refer specifically to the fact that the committee really could not make a proper and definitive evaluation of this bill and its likely effects unless it were provided with certain necessary and crucial cost accounting data which was in the possession of the railway companies.

On one occasion the hon. member for Medicine Hat and myself moved a motion asking that the committee be given precisely this information. Without it, it was simply impossible to arrive at any conclusion as to the efficacy of the proposed section 336 having to do with rate control. The rate control which is referred to in that clause has to do with costs incurred by the railways and the formulas which are based on costs incurred by the railways. The committee could not get this data that related to costs.

My motion was defeated, Mr. Chairman. At that point I did give notice that I would raise in the house, as I am now, this grievance, and I believe it is a real grievance. I contend that the committee was foiled and frustrated in its task by being refused cost data in the possession of the railways.

The ostensible reason given was that this information was part of the proprietary rights of Canadian companies. While the information could be given to the transportation commission, it could not be given to any other group, including a committee of this parliament, because it might break some kind of confidence and put the railways at a disadvantage in relation to their competitors.

I submit that this kind of argument is completely unacceptable. It would not be accepted by any legislative committee of the United States Congress or, I submit, of the British parliament. I might add that the submissions made by the three prairie provinces were to the effect they considered it unfortunate that this information was not provided to the counsel for the three prairie provinces. They mentioned specifically that it was unfortunate this data was not made available to the members of the parliamentary standing committee.

So I must say, Mr. Chairman, that no member in this committee, with the possible exception of the Minister of Transport, can say with any degree of confidence or assurance that he really comprehends the impact of certain proposed sections in this bill, particularly

section 336 and one or two others. He has never been provided with certain data which would have enabled him to evaluate the effect of those sections. Parliament should be apprised of these facts. In a sense, Mr. Chairman, we are being asked to pass upon legislation the effect of some of the clauses of which is a matter of mystery, doubt and uncertainty. I am wondering whether parliament likes to be put in the position of passing legislation on that basis.

I wish to advise the minister that during the course of the clause by clause consideration of this bill I will have a number of amendments to propose. I propose to move them in such a way as to facilitate discussion, to give the minister an opportunity to indicate why they should or should not be accepted, and then we can move on. I certainly agree it is important at this stage to put this legislation through as quickly as is prudently possible, even though in major respects we find this bill to be based on faulty premises and questionable grounds.

We shall certainly expect from the minister further elaboration and clarification—because he is in a better position to do so than other members here—as to the likely effect of this bill particularly on western Canada and those regions of the country which are primary producing. According to my understanding of the bill and of the formulae contained in it, it would seem to militate against those very regions which produce what might be called heavy loading commodities, bulk commodities—in short, for want of a better term, primary products.

There are, of course, safeguards in the bill with respect to grain and so on. But what about, for example, regions in northwestern and northern Ontario which are dependent upon shipments of lumber and forest products? What about shipments of natural resources in their raw state? How will these areas be affected? It is my opinion that they will be affected adversely by this legislation.

May I also point out to hon. members that in the submissions made by some rather learned men in the fields of transportation regulation and transportation economics, much the same kind of statement was made to the listener or inference left to the reader, namely that it is these I have mentioned that will be at a disadvantage following the passage of this legislation.

If I may make this suggestion to the minister, I would say that the proper basis for regulation, whether of transportation of utilities of another kind, is permitted earnings, fair returns and allied concepts. I know the minister does not think much of this basis for regulation bacause I have heard him say, in jocular fashion during the hearings of the committee, that the idea of a fair return is a medieval notion.

• (5:30 p.m.)

Yet, that is precisely the basis which most of our public utility regulatory bodies use. What other basis can there be? Fictitious formulae, that is all we have in this bill. The idea of a fair return, a permitted level of earnings, is one which has been put forward by the province of Manitoba and by the counsel for the province of Alberta. I do not know whether they have been converted to the politics of social democracy. Nevertheless, they have advocated this basis as a foundation for a regulation in the transportation field.

I do not think there is anything medieval about a notion of this kind. I think it is timeless. I think it has existed in the minds of men for ages, and that it will continue to exist even though it seems to have departed from the minds of some hon. members, who in many other ways are very fine gentlemen but who do not appear to be impressed by such a valid and attainable idea as regulation based on the notion of a fair return.

Before resuming my seat, I want to ask the minister whether he would not take a minute or two for the purpose of elaborating what he had to say earlier about the intention with respect to applications for branch line abandonment. I know that in the past two or three days the minister has been questioned in the house regarding an application which is said to have been sent to the Board of Transport Commissioners by the Canadian Pacific Railway requesting the abandonment of a particular branch line.

The impression I have is that the minister gave an assurance some time ago that all applications for abandonment would be withdrawn, and would not be entertained until this legislation becomes effective. How, then, does he explain the fact, if it is a fact, that the C.P.R. has made an application for abandonment in the course of the past few days? I believe the minister said earlier today that the board would not consider applications. It is my understanding that the board will not even accept applications until this legislation becomes effective.

In order to play my part in co-operating with the minister I will confine the rest of my remarks on this bill to the appropriate clauses.

Mr. Pickersgill: Would the hon. member for Medicine Hat allow me to reply very briefly to the question about the branch lines before he speaks? Then, if he is not satisfied with what I say, he can deal with this aspect at the beginning of his speech.

Mr. Olson: I was about to ask the minister if he would outline the ground rules which are now in effect in this field. It would be useful if the minister would deal with this question briefly, now.

Mr. Pickersgill: The situation is this: The hon. member for Acadia said there were four thousand miles of line—I have not checked the figure myself, but I have no doubt he is right, or approximately right—which have been the subject of applications before the board for a number of years. The railways have agreed not to proceed with these applications.

Then, one day last September I think it was, the government issued a statement and published a map showing the lines on which no abandonment would be permitted to take place before January 1, 1975, if this legislation passed. We could not give any kind of guarantee as to what would happen if it did not pass, because the law is the law. But we said it would be part of the policy of which this legislation is another part, that these lines would be protected, and if the railways were losing money on them they could in due course under this legislation get a subsidy.

As for the rest of the applications affecting the other 1,800 miles of line, the applications had already been made. To the best of my knowledge no new applications of any kind have been made. Both railway companies wrote to the board indicating that they intended to abandon all their applications affecting the protected lines on the day this legislation received royal assent, and asking the board to take note of this fact. The board undoubtedly did so.

Whether on the initiative of the railways, particularly the C.P.R., or on its own, the board began to gather information about the other lines so that whenever the time came for hearings to be held, those hearings could go forward and the necessary up-to-date statistical information would be available. The board is a court of record, as hon. members know. It does not report to me what it does, as a court. I did not know that this information was being gathered—I say this quite frankly—until the matter was brought to my attention, first by a telegram from the Manitoba Branch Line Association and then by hon. members in this house. I inquired promptly about it, and I was assured there was no thought whatever of holding any hearings or dealing with these applications as long as the legislation was before the house. All that was being done was a certain amount of housekeeping, and I have a formal assurance to this effect from the chairman of the board.

The other question which has been raised by the hon. member for Acadia and by the hon. member for Springfield—I am sure it will also be raised by the hon. member for Medicine Hat—is whether, if and when this legislation is passed, the protection of the legislation with respect to branch lines will be brought into effect immediately so that all the hearings and applications will be under the new rules, or whether the old rules will still apply. This is a question which, I believe, is not resolved one way or the other in the bill. When we come to our study of the particular clauses I will be glad to make a more detailed statement. One would have to pay some attention to the fact that it is always wrong to assume that a piece of legislation is ever going to pass. It is, therefore, a little difficult to answer this question right now.

• (5:40 p.m.)

I am aware of it, but one factor will depend upon how long it is before we can expect the legislation to pass. However, I shall be prepared to give a categorical answer to the question when we reach clause 89. I think I have explained what the situation is now. So long as this legislation is before parliament and has not received royal assent, the chairman of the board has assured me no hearings whatsoever will take place on any of the applications, some of which have been before the board for years. I think that is the essential thing for the moment.

Mr. Olson: That is useful information because I and other hon. members during the last few days received letters from the secretary of the Board of Transportation Commissioners asking us, as interested parties, if we had any objection to certain applications being approved now. As the minister has said, hearings in some of the cases were held a long time ago, and there may not be serious objection, for example, to abandoning a small spur

line in which there may not be much public interest.

I think the minister, so far as he was able, gave us the ground rules that will be used in proceeding with the applications for abandonment. If I interpret him correctly he has said the status of the applications remains frozen, that they will not be proceeded with until this bill is passed and new rules and regulations come into effect. Is that correct?

Mr. Pickersgill: I would not use the phrase "proceeded with" because it might lead to misunderstanding later on. I do not think there is any objection to the board going ahead and gathering statistical information and things of that sort, to make hearings possible, but there won't be any hearings and there won't be any decisions.

Mr. Olson: So far as I am concerned, that is satisfactory and we will have more discussion on it when we reach the appropriate clause. Though I have some criticism of provisions in the bill, the minister may be surprised that I wish to commend him for the attitude he adopted when the bill was going through the standing committee. I also want to express commendation to the chairman of the committee, who I see is now on the right side of the house—

Mr. Baldwin: Gaining wisdom.

Mr. Macaluso: On a question of privilege, Mr. Chairman, I am on the right side of the house geographically speaking but not philosophically speaking.

Mr. Olson: In any event, I want to offer my commendation upon the enormous amount of work that went into study of the bill, notwithstanding the fact that I am not completely satisfied with the result. The minister and the department should be commended for making use of a standing committee of the house in the way that I believe such standing committees should be used. The hon. member for Springfield pointed out that there were over 60 amendments accepted by the minister in the committee, in response to representations made by various witnesses and also, I hope, in response to suggestions made by members of the committee.

I was a member, in fact the chairman of the subcommittee that reviewed the committee structure of the house a few months ago. We concluded that if we were going to strengthen and up-grade both the position and the responsibility of backbenchers, and I am one, then it would be a useful exercise to transfer some real work and responsibility to standing committees. On occasion it is nothing but an exercise in futility to discuss the clauses of a bill in a standing committee, only to find that the minister responsible for it adamantly refuses to accept any amendments, no matter how well founded the arguments in favour of them may be. That was not the case with this particular bill, and the procedure adopted by the transport committee is one that should be commended to the house and to other standing committees.

As I said at the outset, I will be disappointed if the bill does not go through in time, particularly because of the deadline mentioned by the C.P.R. with respect to the making of payments in lieu of taxes to municipalities in western Canada. On the other hand, I accept in part the explanation of the minister that it is beyond his control to do anything about it if the C.P.R. sticks to its suggestion that payments will be voluntarily made in the calendar year following passage of the bill.

I do not criticize the house for giving priority over this bill to the old age security pensions bill. The opposition had a right and a responsibility to debate clauses in that bill. It was completely beyond the control of the Minister of Transport, or of the government as a whole, to determine how long that bill was going to be discussed in the house. Now, it has passed committee stage, and to my knowledge this is the first opportunity the Minister of Transport has had to bring this transport bill back to the house after it was dealt with by the standing committee.

I hope the minister will have some success with the representations he intends to make to the C.P.R., to extend the period further into January, 1967, for the making of voluntary payments to western Canadian municipalities.

The minister has suggested he is willing to accept amendments respecting mergers of transportation companies and the transitional subsidies. I think he also mentioned several other possible amendments. If the minister is still considering additional amendments, I ask him to consider one which would give real meaning to maximum rate control in those areas of transportation where there is no effective competition.

In spite of the 60 or 65 amendments that have been made to the bill, that provision is still absent from it. One of the rules used in other countries, and one which has been part of our transportation policy up until now, deals with maximum rate control where there

is no effective competition. I believe such a rule still is needed in the public interest. There should be a provision that no rate can be higher for a shorter haul than for a longer haul, for a like commodity under like conditions. There is such a provision in United States law, and in the railway act which we are now amending there was a lot of protection against discrimination as between one shipper and another.

In most cases, the difficulty was to convince the Board of Transportation Commissioners that discrimination existed, but there was provision for the board to take action if one could convince it that discrimination did exist.

• (5:50 p.m.)

That is no longer in the bill. I look, for example, at new section 16. Even that is an improvement over the bill as it was prior to having this new section 16 included in it; but here again any shipper first of all must prove that the public interest has been prejudically affected. Then, of course we get into the interpretation of what is meant by "public interest". Public interest in so far as the context of new section 16 is concerned never has been defined. The minister knows that members of the committee, including myself, many times have asked what is meant by "public interest". What does a shipper have to prove if he is going to make an appeal to the new transport commission? Up until now no satisfactory answer has been given. Perhaps the minister does not know. He has been asked, for example, whether the shipper has to prove national public interest. Is it public interest in so far as one region or, for example, one community is concerned? Is that sufficient ground on which to plead that the public interest has been prejudicially affected? This is not defined in the bill.

During the course of the committee hearings the suggestion was made that the public interest may be involved only if a shipper is being affected. But we have no assurance of this, and we do not know what the new transport commission will do in interpreting and applying the words "public interest". We do know what the governor in council had to say in order in council, P.C. 1963-1041, passed on July 9, 1963, regarding public interest in so far as an individual shipper is concerned. On the last page of this order in council, it is outlined as follows:

> That in any case subsection 2 of section 33 of the act authorizes the governor in council to refer to the Board of Transport Commissioners for investigation of an agreed charge, only in the event that the governor in council considers the agreed charge to be undesirable in the public interest, and notwithstanding that an agreed charge made on a basis contrary to that specified in paragraph 6 of section 32 might give a valid claim against the railway by a shipper who is a party to the agreed charge and who suffers prejudice, however, such an agreed charge would not be a matter of public interest on that ground.

I should like the minister to look this up, but what I think it says fairly clearly is that if a shipper is adversely affected this is not a ground for arguing the case for public interest. Many members have argued in the committee that in invoking the provisions of new section 336, the bill does not give any effective maximum rate control at all. As has been pointed out by the hon. member for Springfield, he and I endeavoured to get some cost figures so that at least we could do some calculating to find out what the end result of using new section 336 would be. We were denied this by the officials of both railway companies. We were also denied it by the minister. The minister did not have it, but I suggest to the minister that if he had insisted that the railways provide him with this information he would have received it.

I wish to repeat the argument we made at that time because I think it is very important that the members of this house, if they are to do their job responsibly in the interests of the people of Canada, should have a right to be able to calculate the result of applying the law which we are asked to pass. Under new section 336—and the minister is familiar with this—there is a very important factor in respect of the variable costs which get into the formula when calculating what the rate will be under the maximum rate control. Unless one has the variable costs, it is impossible to do the kind of calculation which would indicate what the net result of using that formula would be. All we did in committee, when we moved the motion, was to ask for some samples. This was turned down in the committee. I am not going to say why, but it seems that the minister had been convinced there was something wrong with giving the information to the committee.

We have had, I suggest, some of the most eminent experts on the North American continent look at this new section. It appears that it is absolutely impossible to arrive at what the rate would be unless, of course, you have all of the factors in the formula. The variable cost is by far the most important factor. There are other things in the formula, but you cannot determine what the rate would be. It has

been argued time and again before the committee, by railway officials and others, that there may not be a captive shipper. We do not know what a captive shipper is. It is suggested that the only captive shipper would be someone who has to pay class rates, and so on. It is admitted that there are very few of these.

If we are to have any maximum rate control at all, surely that maximum rate control should be within the realm of reasonableness. If the application of new section 336 is to produce a rate which is three, four or five times higher than the rate which is charged now, then it is a useless part of the bill. It is the law that all rates must be compensatory. Therefore, if there is a rate in effect now for the moving of steel sheets, potash, nickel concentrate, or whatever, and if that rate is only 20 or 25 per cent of what the class rate would be, or if it is only a very small fraction of what the application of new section 336 would produce in rate, then what is it good for.

It is good for nothing, because the railways already are getting at least compensatory rates. That means they are getting their variable costs plus a contribution, albeit a small contribution, to overhead and profit. So, we are disappointed that this information has not been provided by the minister. We believe it is wrong for parliament to be asked to pass laws when members of this parliament are not given an opportunity to anticipate the result of the application of those laws. I think that is a pretty good general statement in so far as our responsibility is concerned, either in respect of this railway legislation or in respect of any other key legislation. We have been denied that information in respect of bill C-231.

• (6:00 p.m.)

C.P.R. witnesses and others have said that marketplaces, negotiations and so on will determine what will be fair rates. I do not accept that suggestion because I know at the present time the railways are free to charge higher or lower rates in respect of many commodities. Let us take for example the movement of steel sheets from Hamilton to Edmonton, and this is a commodity which was discussed by the committee. We know that the rate at this time is somewhere in the neighbourhood of $1.86. The same company, using the same cars over the same line through Edmonton to Vancouver, charges $1.05. If the $1.05 rate from Hamilton to Vancouver is compensatory, if it meets all the variable costs, the overhead and provides a profit, then the $1.86 rate from Hamilton to Edmonton is at least 100 per cent more than the variable costs. Is it fair to charge 100 per cent in one case and 5 per cent or 10 per cent in another? That is the situation which exists at this time. While we do not have any facts because the C.N.R. would not give them to us, if the $1.05 rate from Hamilton to Vancouver is compensatory it is reasonable to assume that the compensatory rate from Hamilton to Edmonton would be about 85 cents to 90 cents. The rate today is in fact $1.86.

We also believe it is a retrograde step to remove the right of a shipper to claim discrimination and ask the transportation commission to fix a non-discriminatory rate. That right is being removed because public interest must be proved. We are particularly concerned in this regard, not for the protection of large companies such as Imperial Oil or International Nickel, but in respect of who is going to have the authority to determine where regional industrial development will take place.

It is common knowledge at this time that the C.P.R. has a wholly owned subsidiary, namely Canadian Pacific Investments, with a portfolio, at last accounting, of some $300 million. That portfolio encompasses investments in mines and in mining industries, commercial enterprises, gas, oil, real estate and other things. If the Canadian Pacific Railway is not required to give the same or equal rates to all shippers moving the same kind of goods over the same line under the same conditions, it will have the power to give a very wide level of rates and discriminate in favour of those companies in which it has an investment.

For example, at the present time the Consolidated Mining and Smelting Company is developing a potash mine southwest of Saskatoon. If that company is given a rate at or near variable costs and other companies shipping out of Esterhazy are required to pay variable costs, plus overhead and profits of between 100 per cent and 150 per cent, that is not fair or just competition. It is entirely possible that this is happening at the present time, and I suggest that because we know the rate from certain points in Saskatchewan for shipping grain to Vancouver is between $2 and $3 a ton. We know that because this was brought out very forcefully at hearings of the MacPherson Royal Commission.

The rate for the movement of a 150,000 pound car of potash from Esterhazy to Vancouver is about $9 per ton. If the rate of

between $2 and $3 a ton on grain is compensatory and meets variable costs, then the rate for moving potash represents variable costs plus about 200 per cent. Potash could be hauled as cheaply as grain. This puts our new industrial expansion and development in jeopardy in relation to other nations of the world.

There is a valid case to be made for some control by parliament in areas where there is no effective economic competition. It is our suggestion that there is no competition in the transportation field relating to the hauling of such things as potash, grain, nickel concentrates from Thompson, Manitoba to Fort Saskatchewan in Alberta and lumber from British Columbia to interior markets. There is no effective competition or even an effective alternative to railway transportation in the area. I do not intend to go into this any further at this moment, but I should like to discuss certain other clauses of this bill. The minister is already aware of some objections I have raised.

Let me suggest one simple amendment to the minister, in view of the fact he is considering a number of others. At page 57 of this bill there appears clause 68 which deals with section 381 of the Railway Act. The only difficulty is that this clause applies only to telephone and telegraph lines. A similar clause should be included to deal with railways and their tolls and tariffs in respect of the movement of non-competitive commodities. If that were done, I suggest we would have a bill which would give the measure of political and statutory control needed in relation to monopolistic businesses.

Clause 68 suggests that there shall be no unjust discrimination but that tolls must be just and reasonable. It states that the commission will have the power to determine what is just and reasonable and what is or is not discriminatory. In clause 68, new section 381(3)(b) it is stated that the new commission shall have the power to suspend, postpone or disallow tolls. That is good in respect of telephone and telegraph lines, but I think it should be written into this bill to apply to railway traffic as well.

The minister may argue that he is going to free the railways to the point that they will no longer be a public utility, yet telephone and telegraph lines will remain as public utilities. I suggest to you, Mr. Chairman, and the minister, that in many areas, particularly in western Canada, for all practical purposes railways are still monopolistic public utilities which require political and statutory control so far as rates are concerned.

• (6:10 p.m.)

I shall conclude by recommending that the minister give consideration to this question, particularly in view of the fact that Canadian Pacific Railway is now a gigantic, complex empire that has within its power and under its control by way of investment many companies and enterprises not directly related to the railway business. In the negotiation and setting of rates, it is possible for the C.P.R. to make concessions to their wholly or partially-owned companies, which is an unjust and unfair discrimination against other companies.

Whether or not this bill passes before the end of the year, I wish the minister well in making representations to Canadian Pacific Railway to see that at least finally some justice is done to those cities and communities in western Canada which have been under the burden of the statute of 1881 respecting the forgiveness or non-application of municipal taxes. I should also like him to take into account the fact that there are still some areas of uncertainty in so far as maximum rate control is concerned.

I know the provisions of the bill will be brought into effect gradually because the subsidies now being paid by the federal treasury will be withdrawn gradually. Even if the minister is not disposed to making all the amendments I have suggested, I hope he will consider them very carefully and will watch very closely what the railways do under the provisions of the bill. I hope the minister will be prepared to come back to the house with amendments that will give effect to what we think is just and reasonable as we try to develop a transportation policy that is in keeping with Canada's modern requirements.

Mr. Barnett: Mr. Chairman, I wonder whether the minister and the rest of us would not better digest the eloquent remarks just made by the hon. member for Medicine Hat if we were to adjourn for an hour or so for dinner?

Mr. Pickersgill: Mr. Chairman, I think there was a disposition, with a view to having an adjournment for Christmas as early as possible, to make use of such time as we had today. I hope I will not be pressed on the point.

The Chairman: Perhaps hon. members would permit me to interrupt the debate to announce the proceedings on the adjournment motion.

It is my duty, pursuant to provisional standing order 39A, to inform the Committee that the questions to be debated at the time of adjournment tonight are as follows: The hon. member for Sherbrooke (Mr. Allard), labour relations—C.N.T.U.—report of ministerial committee; the hon. member for Lotbinière (Mr. Choquette), criminal code—amendment respecting confessions of prisoners; the hon. member for Trois-Rivières (Mr. Mongrain), Expo '67—re sponsoring of tour of pee-wee hockey teams in Europe.

Mr. Bell (Saint John-Albert): Mr. Chairman, I want to say to the minister that we are quite willing to co-operate and my remarks will not be very long. We have so many members on this side of the chamber who wish to speak on this policy item that we will have to cut our speeches short in order to get them all in before Christmas eve. It makes me wonder even more about the great desperation of the minister to put this bill through. Although he gave some reasons this afternoon, I wonder whether his reason is not the Senate appointment about which we have been hearing. I am sure great progress would be made if the minister rose and in some way indicated that a Senate appointment for him before Christmas depended upon the early passage of this bill.

Mr. Baldwin: It would not get through the Senate.

Mr. Pickersgill: Mr. Chairman, would the hon. member for Saint John-Albert say what effect it would have?

Mr. Bell (Saint John-Albert): We love the minister, but I think that if we knew he was going to the Senate he would receive a great deal of co-operation to help him get there.

Mr. Pickersgill: I suggest that the hon. gentleman speculate.

Mr. Bell (Saint John-Albert): The minister asked for the early passage of the bill, or at least the passage of some of its clauses before Christmas. This matter deserves consideration. Without dealing with all the points at length, I believe that one of the matters to which the minister referred was the C.P.R. negotiations with municipalities in the west and the intimation that there may be a hold up in roll-back payments. These matters are important, but we have a greater responsibility as members of parliament to see that this important measure is given full consideration.

[The Chairman.]

We may be criticized in some areas for not rushing this measure through, but I am sure that greater criticism would fall on us if this very important bill were rushed through just before the Christmas recess.

I also believe, as was pointed out by the hon. member for Acadia, that a great deal of the responsibility here falls on the government for its mismanagement. This bill has been considered for a long time, but it could have been brought forward earlier. I wish to compliment the committee on the work that was done. I think we had good hearings, and those responsible for the success of the hearings have full marks from me. I referred to *Votes and Proceedings* and found that the committee had considered 36 briefs; 73 witnesses appeared before it, and we had 33 meetings. I do not know how many amendments were moved. There must have been more than 100. I attempted to count them once, but because there were amendments to two or three parts of clauses it was difficult to arrive at a figure. The work done in committee is a tribute to the co-operation of members from all sides of the house. Although in the last few days there has been some dissipation of the good will that we worked to build up, I hope we can now co-operate and go forward with this measure.

Some of the amendments considered in committee were of interest to those of us in the maritimes. Although I have remarks to make on the two major clauses and their effect on the nation generally, particularly the west, I want to take a moment before the recess to put thoughts of mine on record in regard to the maritime provinces. They are just as much concerned as any other part of this country about a revolutionary bill such as this which is probably as important as any measure that has been brought before this house in the last 50 years.

The matter of the shipment of flour through the maritime ports was considered. There was great consternation that the bill might bring about a restriction of flour shipments through Halifax and Saint John. Everyone knows there is a very thin spread in the cost of exporting flour, and if this gets out of balance in any way the tendency is to export the grain and mill it in the recipient country. Therefore, we were very much concerned with the briefs put forward by millers and port officials, and through co-operation amendments were made that we believe will protect us fully in so far as the shipment of flour is concerned.

We were concerned with the matter of port parity. This matter has not been definitely defined in many of the acts, but it has always been felt that there should be parity of rates through Halifax and Saint John with those of United States ports. There were some fears that the power this new measure gave the railways to set their own rates would bring about a situation whereby Halifax and Saint John would be placed in a non-competitive position with, for example, Portland in the United States, and we would lose business thereby.

• (6:20 p.m.)

The minister has indicated tonight that an amendment will be put forward in this regard, so we will refrain from any further criticism of that matter. In fact, I have an amendment which I suggest should be considered in this policy clause. It alludes to the matter of port parity which has been considered our national policy and an unwritten law for many years.

Another matter which I think we should keep in mind is the Maritime Freight Rates Act. It comes into consideration because of the new transportation study which is being conducted and other related transportation affairs in the maritimes. The Maritime Freight Rates Act is written into our laws and, of course, cannot be removed except by a special statute. Throughout the years the effect of this act has deteriorated because of the horizontal freight increases, and of course this bill will create an even further deterioration in this respect. The non-competitive rates have been frozen for two years and we envisage a time at the end of the two years, before the report is brought back and acted upon, when there will at least be some concern about the non-competitive rates.

I will say frankly to the minister and to members of the house, that I cannot make up my mind whether it would be better to continue the freeze indefinitely or to have it run out, thereby putting pressure on the cabinet of the day to act in this matter. I am inclined toward the latter solution, but I know that some of my colleagues are still worried about the freeze being continued until there is new legislation.

I should also like to make some general remarks about the maritimes in relation to the national picture. This bill is very comprehensive and far reaching. The minister has lulled us with comporting words and, I find it hard to disagree with them. But we are worried about the unknown and sinister parts of his statements which always seem to appear as far as the maritimes are concerned. At the time of confederation the big problem was the disparities which existed in our nation owing to our geography, and as our centennial approaches we think of them again. New Brunswick and Nova Scotia were two of the four partners in the confederation, and we entered into it mainly on the strength of the transportation promises which were made to us.

We were told that subsidies would be granted so as to bring us together and to eradicate the disparities of an economic nature which existed in our nation as a result of our geography. These subsidies—or whatever polite word you want to use—have always been necessary in any national fiscal or monetary policy. However, now for the first time in our history we are confronted with a full national transportation policy with which none of us quarrel in general terms. Nevertheless, I am still concerned as a maritimer about our transportation problems. I wonder where the national fiscal policy fits in with relation to this new transportation policy. Let me go back to the words of the MacPherson report in order to bring to light the relationship which the commission felt existed between a full national transportation policy and a national policy which includes subsidies and other fiscal measures. On page 181 of the MacPherson report the following words appear:

> The primary objective of national policy in Canada has always been to preserve and enhance the political and economic welfare of the Canadian people. While many and varied means have been used in the pursuit of this objective . . . experience has proven the use of the means of transport to be of singular importance to its attainment.

Here is a full recognition by the MacPherson Commission, whose recommendations formed the basis of this bill, of the use of a national policy in the treatment of the transportation ills of this country. The transportation and communication committee report No. 38, at page 2719, contains the very interesting brief of the Port of Halifax Commission. It is unfortunate that they were not able to appear but they handed in their brief which dealt with this matter in a very frank fashion. I should like to quote a part from their brief which reads as follows:

> There is therefore, and there has been since confederation (indeed, a very little study of the confederation agreements shows that without it the maritimes would not have federated) a national policy the objective of which was and is to provide maritimes manufacturers and merchants with

railway facilities at rates which would permit them (despite high line-haul costs) to sell on the wider market of Canada, rather than on the restricted one of the maritimes only.

I could go back and quote the preamble of the Maritime Freight Rates Act or the Duncan Commission Report to revive the memory of the inherent promise made to the maritimes with respect to transportation.

I recall that last year I was ambitious enough to go over some of the pre-confederation debates, and I found some very interesting promises contained in the speeches made by the politicians of that day who later became Fathers of Confederation and whom we will be honouring next year. I found many promises of this nature, not only those made to the maritimes regarding transportation but some with respect to the ports of Halifax and Saint John. I only mention this as one of the main worries which we have of a general nature, and I will be watching these two unresolved matters.

I think that consideration should be given to the amendment to the first clause as put forward by the Maritime Transportation Commission. However, I am not insisting on it at the moment. Perhaps this should be subject to the amendment put forward by the minister regarding port parity. In any event we might well consider later the amendment which was suggested by the Maritime Transportation Commission in its brief, as reported on page 2533 of the committee report:

—that Section 1, Subsection (b) should be amended by adding the words "except as may otherwise be necessary for constitutional, statutory or national policy purposes".

These are only words, but such an amendment would give further recognition to that part of the national transportation policy to which I am referring.

Having said this, I will now deal with another aspect of the matter on which there has been some misunderstanding in the maritimes. While I do not think this has been put forward as a deliberate attempt to mislead, an impression has been created that because of truck transportation everything is improving in the maritimes. Hon. members who were on the transport committee will recall that we questioned Professor Borts and Professor Williams very closely on this matter and they said that even in the United States, where there is much greater truck competition, many of the basic transportation problems have not really been solved. I recall asking one of these expert witnesses from the United States whether they felt that the fact truck transportation was on the increase in the maritimes would be of much assistance to us.

They did not give me a completely negative answer, but they were not very optimistic.

This takes me to something that the minister said which was of some significance to me. In his opening remarks, which I think he made in September when the bill was being introduced, he made a statement which I think is very true, and those of us who were privileged to visit the U.S.S.R. recently may agree with the minister. He said that nations such as Canada and the U.S.S.R., with such widespread territory and related problems, pay a greater price for their transportation than any other country in the world. May I add to this that if it is true that Canadians generally pay this high price, the maritimers are paying an even higher price. Therefore, as a matter of simple arithmetic, those who live in the maritimes are paying more for transportation than any other people in the world. I can quote the minister as an authority in this regard.

• (6:30 p.m.)

This brings to mind what Mr. Craig Dickson, who appeared on behalf of the Maritime Transportation Commission, had to say before the transportation committee. Figures were produced tending to show that truck transportation, on the increase everywhere in Canada, had helped the maritimes. I think it is worth placing on record in this committee what Mr. Dickson had to say. I was asking him about the Department of Transport figures with respect to increases in truck traffic, and it is significant to note that he said this, as reported at page 2501 of the committee report:

The Atlantic provinces is still the area with the least competitive rates and agreed charges. I think this is found in a yellow-covered submission made on behalf of Canadian National and Canadian Pacific, a memorandum on railway freight rates which was submitted the day that C.P.R. appeared.

May I interject here to say that this was an excellent brief, and helped those of us in the committee who found it difficult to understand freight rates. It was a co-operative effort by both railway companies and to my knowledge was not criticized by any hon. member. As I say, it was of tremendous help. Mr. Dickson continues:

It indicates on page 7 that 50.4 per cent of the revenue calculated on the basis of the waybill analysis in the maritime region came from competitive rates and agreed charges. In the eastern region, which is the large block of Ontario and Quebec, 64.7 came from competitive rates and

agreed charges, and in the western region competitive rates and agreed charges produced only 39.5 per cent. But I think in fairness, to make a comparison with the eastern region and the maritimes, you must include statutory grain rates, because they did not take any increase at all and competitive rates and agreed charges may have. Therefore, if you include the statutory grain rates, the western region is 69.5. That still leaves us on the low end of the pole.

My contention is that the maritimes are more dependent on the railways than any other section of Canada, and truck competition has not assisted our problems to any great degree; let there be no mistake about that.

These, Mr. Chairman, are my two main contentions. I wish the minister luck with respect to this bill that is being brought in after many years of consideration and study and, I might say, procrastination.

It is significant that in the United States, for the first time, a secretaryship is being established in the transportation field. One of the first speeches of the new secretary contained an appeal for co-operation between all modes of transport. The secretary said that he must have the confidence of all of them; that they must all work together. I am sure that is good advice.

Before I conclude, I cannot resist saying just on a general note that I cannot understand why the government seems to have such a fear of subsidies. It seems to be trying to get away from subsidies, and we in the maritimes are worried about this. We do not know what is going to replace them or where we are going. We think there is too much bureaucratic control in the government which is now running the affairs of this nation. They are concerned with continentalism and are even trying to revive the old myth of liberal free trade, and those of us in the extremities of the nation are going to suffer. I want to know in this connection whether we in the maritimes are going to receive consideration under these new policies. We did feel we were going places, but where is the great expansionist policy that we need?

How will this new bill, Mr. Chairman, bring about the industrial development for which we are so earnestly seeking? I see the Minister of Industry sitting in the front benches listening very attentively to this plea on behalf of secondary manufacturing in the maritimes. The new industrial incentive act has not helped us. Even if Halifax, Saint John and Fredericton were included, I would still have doubts about what benefit this would be to the Atlantic provinces.

I should like to digress for a moment because this certainly ties in with transportation and the development of secondary industry. If the major cities of Halifax, Saint John and Fredericton were brought within the ambit of the industrial incentive act, at least the bill would be strengthened and some of its aims and objectives could proceed. But to us it has been a failure. The St. Lawrence seaway, which was subsidized, of course, has not helped. We do not know just where we fit in many other directions. This government has created grave concern in this regard and seems to be suppressing the development that started.

I think the government is being pessimistic about us by adopting the terms of the present bill. No hope is given. It is taking for granted that we will not be moving ahead, which is not a very pleasant thing for two of the original partners to confederation to look forward to in our centennial year. But having said that, let me inform the committee that many speeches will be made by the members of our party. We have amendments to make to many of the sections, especially to the first section relating to policy which is very important because it deals with the objectives of the bill. Amendments will be moved by the hon. member for Peace River, the hon. member for Acadia, and perhaps others. I think its passage will take considerable time. But we are willing to co-operate fully, keeping in mind that we have a great responsibility in dealing with this giant bill which has taken so many years to bring about.

Mr. Baldwin: Mr. Chairman, as I look around this chamber it becomes apparent that the responsibility the government has in the general field of transportation it also has here this evening, trying to fill in the blank spaces. How could anyone look at a map of this country and not agree wholeheartedly with the Minister of Transport when he stressed the particular importance of this whole problem of transportation and transportation policy? I, for one, can bear witness to that.

Over the last eight or nine years since I have been down here—though not necessarily in direct relationship with the problem—the northwestern part of Canada, that great hinterland north of the 55th parallel and between the Rocky Mountains and the Canadian shield, has seen an enormous change in development as a result of transportation. Gas and oil pipe lines have moved into that territory. Railways have been constructed to the Pacific

coast, to the Northwest Territories and another one is now being completed. Highways have been constructed.

• (6:40 p.m.)

These things have all stimulated the development of the northern part of Canada more than anything else could have done.

We are all impressed by the serious nature of our transportation problems in a country the size of Canada, its population situated as it is. In the future, the manner in which we paint on this great map the colours of economic and social development and settlement will make the difference between a great country in which to live and one in which problems will continue to plague us.

I do not intend to deal exhaustively with the bill at the present time, since the various clauses automatically suggest areas in which the appropriate discussions can take place. But I should like to say a word about one of the comments made by the minister when he told us that the C.P.R. had agreed to pay taxes despite the constitutional limitation on the power of municipalities to tax that company. Is it the intention of the C.P.R. to give up, by proper constitutional methods, its power in this regard, or will there simply be a series of undertakings by the company that these taxes will be paid? If the C.P.R. has a constitutional right to its freedom from taxation, the undertakings in this field are undertakings which can be revoked at any time. This is a matter to which the minister might give his attention.

While the minister is too sagacious to say so himself, the impression has been created that this bill contains the ultimate and perfect answer to all transportation problems, past, present and future. Certainly, a number of the news media have conveyed this suggestion. But let us not delude ourselves. From the time over 60 years ago when legislation was first introduced to set up what has now become the Board of Transport Commissioners, and even before that time, we have passed a number of acts of parliament, set up numerous royal commissions and inquiries; the Duncan Commission, the Duff Commission, several reports by Mr. Justice Turgeon, the Macpherson Royal Commission, inquiries instituted at the request of different governments by the Board of Transport Commissioners including the waybill analyses, yet there is still no true, equitable, lasting solution, nor even the appearance of one.

[Mr. Baldwin.]

Bearing in mind the vast size of this country, its small population and its disparate economic and social conditions in a changing world, I do not think a complete solution can be found, now or in the future.

This bill attempts to introduce into one measure provisions dealing with air transport, pipe line commodity transport and highway transport, the latter complicated by the spectacular growth of the metropolitan areas. The best anyone can say is that we have pulled back the curtain to peer out at the complex, tangled and ever-increasing possibilities of transportation stretched interminably into the future. At the moment, we are still lost in a labyrinth which seems to have no beginning and no ending.

I am reinforced in this view when I read the evidence of those who appeared before the standing committee. The puzzlement and misgivings expressed, the anxieties and concerns shown, and, above all, the widespread uncertainty as to the effect of most of the key clauses, suggest doubt about the answers and indicate that prospects for finding answers, if there are any, will lie with the super-commission to be set up.

If there is one thing which is common to the evidence given by the representatives of the agricultural and farm organizations, by representatives of all the various groups which appeared, it is doubt as to the effect of the various provisions made in this bill.

The transport commission to which I have referred will have to chart strange courses in unknown seas. The scope of the act is enormous, and equally vast will be the overriding supervisory authority of the transport commission. Let there be no doubt that if this bill is passed without any material change we shall have surrendered to those men who will compose the commission almost complete authority over a variety of subject matters in the field of transportation which so deeply affects every Canadian and every part of Canada.

In doing so we shall be following a general trend, not only in Canada but in other countries, to hack off large areas of our economic and social life and deliver them into the custody of some board or crown corporation set apart from the people and generally placed beyond the practical authority of parliament.

These tribunals tend to cultivate a cloistered existence, developing autocratic characteristics derived not only from the legislation itself but from their own innate character. Irrespective of the personality of the people

who compose them, it is but natural to expect that these boards will have a strong inclination to remove themselves from public participation and that they will become intolerant of criticism and opposition. All too often they exercise control without much real appreciation of the consequences which will follow from their actions. All too often the people become mere cogs in the machine, nothing but statistics. I think there is a line in Shakespeare about man "dressed in a little brief authority, most ignorant of what he's most assured" which is applicable to so many of these crown corporations and boards.

This bill, and the establishment of the commission, constitute a tacit admission by the government that it is unable to cope with the problems of transportation, and that the rights of parliament in this field, exercised by hon. members on behalf of their constituents, are to be restricted.

Once this bill has been passed, and once the commission has been established, parliament will have no effective way of dealing with the issues involved. We shall be limited to asking questions or to examining estimates. Too often we shall be met with a bland assertion by the minister responsible that these matters will be referred to the board or to the corporation.

I am not prepared to accept such a situation, having in mind the tremendous power which could be exercised by the transport commission. I suggest there is a way in which we in this house would be placed in a position of authority without in any way curtailing the freedom which the commission must enjoy. I have an amendment to put forward. I do not propose to move it at this point, though it might well be moved as clause 1(a). I think it might better be moved as a new paragraph 28(a). This is the clause dealing with the powers and authority of the board. Since this involves what I believe to be a new concept, I intend to read it. I have some copies here in French and in English.

• (6:50 p.m.)

On this basis the government might have some opportunity to consider this and, by the time the amendment is formally moved at a later date, to come to some conclusion. Here is the amendment which I propose to move at the appropriate time, and which I propose will be a new clause 28(a):

That, the following clause be added:

(1) As soon as practical after the commencement of the first session of each parliament, in any event not more than fifteen days after the commencement of the said session, a committee of nine members of the House of Commons (to be known as The National Transport Act Committee) shall be appointed for the duration of such parliament according to the practice of this house with reference to the appointment of members to serve on standing committees.

(2) There shall be a chairman and a vice-chairman of the committee who shall be elected by the members from time to time provided however that the chairman shall be a member of the opposition.

(3) Save where otherwise provided herein the general practice as established by the standing orders shall prevail with regard to the meetings and acts of the said committee.

(4) The powers and duties of the committee are

(a) to examine the annual report made to the Governor-in-Council by the commission—

Which I think is made under clause 20.

—and to report to the house with such comments as it thinks fit any items or matters referred to in this report; and

(b) to inquire into any question which is referred to it by the House of Commons and to report to the house upon that question.

(5) The committee may, and at the request of the witness giving evidence shall, take in private evidence whether oral or documentary which in the opinion of the committee relates to a secret or confidential matter.

(6) Where at the request of a witness evidence is taken by the committee in private the committee or member shall not, without the consent in writing of the witness, disclose or publish the whole or part of the evidence.

(7) Every person competent to give evidence touching any matter under discussion in the committee shall be a compellable witness.

(8) A person who gives evidence before the committee shall not without just cause (proof whereof shall lie upon him) refuse

(a) to be sworn or make a statement;

(b) to answer a question put to him by the committee or member thereof; or

(c) to produce any document which is required by the committee to produce.

I would have added to that a provision that the committee shall have made available to it such expert and other assistance as may be required in order properly to perform its function. However, I realize such an amendment would not be in order because it involves the expenditure of money, but I hope if the government sees fit to follow along the lines I have suggested in this amendment it will see this is done. Without help of this kind, of course, a standing committee of this nature would not be able to function and perform a service.

I said this is novel in concept, although it is used in one or two other Commonwealth countries. This is a statutory committee. It does not draw its authority per se from the house but from an act of parliament, in this case the bill which is before us. There are terms of reference. Its powers under the terms

of reference are statutory powers, and while it is possible under the amendment for the house to add to these terms of reference, there are certain terms of reference imposed upon the committee without needing to wait for the government to suggest these to the committee, nor need we wait for the government to establish the committee.

There is the right to take evidence in camera. There may be hon. members who take exception to this, but after listening for a number of years to evidence before the sessional committee which has dealt with the national railway and national air line, and after reading the transcript of the proceedings taken before the standing committee, it is quite obvious that there are and will be a great many instances where people in order to establish a point, do not feel free to expose in public the details of information which they have every reason to feel should be kept confidential.

True enough, I assume the transport commission will have the right to hear all evidence, and the people who appear before that commission in order to make a case will give all evidence, whether in camera or publicly, but I think the committee should have this option. This is a concept which might well be applicable to other corporations. I am thinking of the C.B.C. and the problems which are going to be faced by the government and the house shortly as to how to deal with the C.B.C.

I feel a small committee of this kind, established under statute and its powers given under statute, will be able to exercise the type of watchdog function which is going to be essential if this parliament, composed of the representatives of the people, is going to retain some measure, not of control, not, I suggest, as an appellate tribunal, but simply the power to see what is happening; the power to see the impact and the effect of the regulations and functions which this transport commission is going to exercise.

It may be suggested, why not leave this to the standing committee? As I said, I read the evidence given before the standing committee. I think it did a tremendously important job. Its functions were exercised to the fullest. I think the chairman and the members of the committee are entitled, as I said before, to the gratitude of the house for the way in which they performed. But this standing committee will be seized, as usual, with the jurisdiction in connection with examining the estimates of all the various crown corporations and different bodies, and generally will be dealing with the whole question of transportation. Of course, the estimates of the Department of Transport will be before the standing committee. It will, of course, deal with legislation and it will, no doubt, be exercising some jurisdiction over what was formerly done by the sessional committee examining into the C.N.R. and Air Canada.

I suggest that a body of the kind I envisage will be competent to do what must be done if parliament, and this house in particular, is not to surrender the authority which I suggest it should continue to have within its four corners. By examining the report it will have the right to look at any of the operations of the transport commission.

Surely, there is a need to have parliament clothed with a method to bring to the attention of the commission, the government, and the public, the actual effect of the proposals and actions of the commission. In my judgment, the lines of communication from people to their members provide the best means of relaying to this committee, and thence to the commission, the knowledge, the interest, and the inquiries which will be provoked throughout the country.

In my view, Mr. Chairman, it is going to be many, many years before the actions of this committee will have had their impact, before we will be able to see precisely what is happening. It will be many years before we will know the effect of the regulations and orders made by the transport commission in respect of the number of diverse subject matters which have been assigned to it.

I suggest, therefore, the establishment of this committee is the most effective means presented to the House of Commons whereby we can continue in a proper way our right to evaluate, to examine, to criticize, and to suggest.

I do not accept the proposition that parliament should be asked to abandon its responsibility in such a vast field of operations, and yield in a practical sense the powers and the authorities to the commission without a safeguard of some kind. I use the words "in a practical sense" because this, of course, is what this bill will do. The government may retort and say, "We have always the power to legislate." But, Mr. Chairman, we have given this tremendous authority over these various fields to the commission, and I am quite sure the commission will continue to be seized of them without too much change for a number

of years. It is my belief this house should not be asked to yield up, without some safeguards, its rights and responsibilities to the people who have sent us here.

If this is not done, I am quite convinced that the powers of the commission will grow swiftly and, in due course, it will become harder and harder to find any method of examining or suggesting changes and alterations when it is essential to do so. Once we give up this right, I doubt that we will ever get it back.

• (7:00 p.m.)

Mr. Fawcett: Mr. Chairman, I do not wish to take up too much time of the committee, although I should like to say a few words in respect of this bill. I was a member of the committee on transport and communications which sat fairly consistently all through the summer studying the bill and the briefs submitted in respect of it. We had the opportunity to question the various witnesses. At the outset I should like to say that I agree with the other hon. members who have spoken that the committee members were very attentive and attempted to do a good job not only in respect of Bill C-231 but also in respect of everything else which came before the committee during the summer months. I wish to congratulate the minister for having given an attentive ear to the various briefs. As a result he came up with a number of amendments which were in line to some extent at least with the points raised in the briefs presented by the various provinces and other parties concerned with the provisions of the bill.

In so far as the intent of the bill, to define and implement a national transportation policy, is concerned, I am sure all members of our party are in agreement that this is something which is very necessary in a country such as ours where the geography is such that we have miles and miles of sparsely populated land and thousands of acres of land which are not productive in the sense of providing something which will assist the various modes of transportation. This bill deals with an over-all transportation policy and provides for the setting up of a commission which will have some control over the various modes of transportation, but the fact remains that basically the bill deals with railway transportation. I think this indicates that the railways are still one of our major modes of transportation, particularly for bulk goods such as concentrates, potash, grain and so on. Because of the tremendous amount of these commodities which the railways are called upon to handle, when we move away from some kind of regulation of such operations I think we are doing something which has an effect on people all across Canada.

The purpose of this bill is to provide an economic and efficient system, making use of all modes of transportation. This too is a very worth-while endeavour, but I am wondering how far in this direction we can go through the medium of this bill when it deals almost completely, I would say, with railway transportation. There is not too much in it which ties down other modes of transportation. It only deals with them, one might say, in a negative sort of way.

I believe the railway strike last fall is one of the main reasons that the presentation of this bill was expedited. At that time it was felt that we cannot afford to have such things as general railway strikes. We saw the effect that the railway strike had on the economy of our country. Therefore we felt we had to look at this whole situation from the point of view of how further strikes might be avoided.

I believe it was brought out very clearly that the problem which had developed between the railways and the unions was created because of the fact that the railways to a great extent had been restricted and were not able to operate as other industries operate in a free enterprise system. Therefore labour and management just could not get together. Management would not move to try to negotiate with labour because in the first place the railways thought they were so restricted that they could not afford to negotiate. As a result we had a major railway strike. Out of this railway strike came Bill C-231. It, of course, is the offspring of another bill, C-120, which I understand never reached the floor of the house.

I am wondering how we can provide an economic and efficient railway system—here I am dealing with railway transportation only —when at the same time we are removing the regulations which now are in effect in respect of the railways. We must take into consideration that the railways are restricted, as they must be, in a good number of areas. There must be regulations in respect of the handling of grain and other commodities. The maritime freight rate freeze is another example. This leaves a limited number of areas wherein the railways can increase rates.

I am afraid of one of two things, either that freight rates will be increased to such an extent that they will be excessive and will be

a real burden on the people who must use railway transportation or, on the other hand, the railways will price themselves out of the market when they are free to increase rates. Perhaps they might even do so deliberately if they see that the present restrictions are too onerous on them. I believe that if we are to provide an efficient and economic system of transportation we cannot get away from our system of subsidies. I think it was the hon. member for Saint John-Albert who said something to this effect—why are we so afraid of subsidies. I think the use of subsidies is perhaps one of the fairest ways to allocate the cost of railway transportation in a country such as ours. Perhaps this is not the case in a country which is as heavily populated as the United States, for example, but I believe it is certainly the case in a country such as ours where many areas are sparsely populated.

I do not think we should place the burden on some small areas. I think this would be the result were we to remove the regulations in respect of railway transportation, and I am afraid this is what will happen when Bill C-231 comes into effect. I am not too critical of the bill because, in the first place, I do not think I have any right to be critical of it. I sat through all the committee meetings, as did numerous other members. We certainly tried our best to come up with something which would be of some benefit to the people as a whole. Sometimes, however, as was the case after we had gone through the bill very thoroughly, one keeps mulling things over in one's mind. I am still wondering what Bill C-231 is going to accomplish.

I come from an area in respect of which the latitude to be given to the railways will have a detrimental effect. We all think in terms of the areas from which we come. I think it is perhaps good that we do this. I come from an area where great amounts of pulp chips, lumber and timber supplies of all types are being shipped constantly. I am afraid that the latitude which the railways are to have may have a very detrimental effect on this area. This is an area where I think the railways will be given an opportunity to move fairly freely when it comes to increasing rates. I do not intend to go into the implications of clause 314D because the hon. member for Medicine Hat and my colleague the hon. member for Springfield dealt with it thoroughly. Let me point out that one of the real weaknesses of this bill is to be found in this clause and I hope that when we reach discussion of it we will devise something much better than it now contains.

[Mr. Fawcett.]

• (7:10 p.m.)

Even though we were told by representatives of the C.N.R. and the C.P.R. that they could not think of anyone who could be considered a captive shipper at this time, the hon. member for Medicine Hat made it clear that a person who is now paying a class rate can in many instances be considered a captive shipper if we follow the definition of a captive shipper as outlined in Bill No. C-231. Many of these people have to pay a higher rate than a competitor who is better able to negotiate with the company.

I do not intend to take up very much more time but I should like to give notice now that I intend to move an amendment having to do with abandonment of branch lines and dislocation of employees. The proposal embodied in my amendment is one which was recommended some time ago and can in fact be found in the proceedings and evidence of December, 1963, of the standing committee on railways, canals and telegraph lines. Nothing in this bill even touches upon the difficulty I have in mind and I hope consideration will be given to my amendment which I intend to propose at the appropriate time.

Mr. Pascoe: Mr. Chairman, the hon. member for Peace River very carefully referred to the inherent dangers of Bill No. C-231, and I hope the minister will pay careful attention to his suggestions regarding the preservation of the rights of parliament and the responsibilities of this committee.

The hon. member for Acadia was very forceful in his remarks and I do not intend to repeat his arguments. The hon. member for Saint John-Albert spoke just as concisely about the difficulties in the maritime areas.

As a representative of a developing area in southern Saskatchewan I intend to consider this bill from a prairie point of view. I realize, however, that each one of us must have a national as well as a regional outlook. My first concern is that the bill in part is based on conditions which do not exist at this time. The Minister of Transport has emphasized the fact that government transportation policy has been influenced by the MacPherson commission report. This commission conducted an exhaustive inquiry into railway problems and made a very complete and comprehensive report, but let me draw to the attention of the committee that it was set up in 1958. Its recommendations related to railway problems

as they existed eight years ago. Advances in transportation facilities and equipment since that time have rendered some of its recommendations obsolete. This is exemplified by the forerunner to this bill introduced in 1964, Bill No. C-120, which was also based on the MacPherson report but was left to die on the order paper because of criticisms expressed before the transport committee. Bill No. C-231 has been introduced in its place.

The general purpose of Bill No. C-231 is to remove present transportation regulations and controls to allow more freedom to vary charges on the basis of competition. It has been proposed that there will be a 17-member commission, the Canadian Transport Commission, which will attempt to integrate rail, air, water, truck and commodity pipe line operations in order to give greater freedom to transport agencies in the setting of rates for shipments without rigid government control. It is expected that competition will eventually control the fixing of rates.

When the minister made his opening statement he sounded hopeful of early passage, but a practical and workable transportation policy cannot be evolved so easily. There is only a short time before the Christmas adjournment to discuss this bill, but I think it is important to make a start in order that the general public will at least be partially informed as to government intentions in this latest attempt to solve the country's transportation problems.

I made a recent week end trip home to discuss this bill with usually well-informed constituents and I found they had very little knowledge of how the proposed legislation would affect their particular area, and I refer particularly to southern Saskatchewan. They also had little knowledge of how it would affect the country as a whole.

• (7:20 p.m.)

The whole impact of greater rate freedom must be realized, particularly in inland areas such as southern Saskatchewan, and for that reason I hope we have a lengthy debate on this bill during our consideration of clause 1. On clause 1 we are, of course, speaking in general terms. We will be going into a more detailed consideration of the bill during the clause by clause study. I think probably all of us have some amendments which we shall move at that time. I consider that the general policy should be carefully scrutinized first as, I repeat, a means of informing the public, or perhaps I should be more forceful and say alerting the public regarding some of the proposed transportation changes.

There will be no opposition to the stated objective of the bill as outlined at the beginning of clause 1:

> —an economic and efficient transportation system making the best use of all available modes of transportation at the lowest total cost is essential to . . . the economic . . . growth of Canada—

Just what the government considers to be the best use of all modes of transportation and what the cost will be must be our main concern. In an earlier statement the minister said:

> This proposed measure provides the framework for a national transportation policy and establishes new machinery for carrying out that policy.

The words I want to emphasize in that quotation are "policy" and "new machinery". Those are the debating points for this committee, namely, the government's proposed policy and the new machinery it advocates for administering this policy. I repeat once more that these matters must be brought fully to the attention of the public before definite action is taken under the terms of the bill. What is decided in this committee and finally approved on third reading will have a large part to play in deciding the economic future of Canada. This is the reason for the necessity for slow and very careful passage of this bill.

The standing committee on transport and communications, of which I am a member, had a very busy time with this bill, as other hon. members have pointed out. The first meeting to consider Bill No. C-231 was on October 6, 1966. The committee held 33 meetings, morning, afternoon and evening in many cases. It received and studied 33 briefs and heard evidence from 73 witnesses. As I said before, I am speaking mainly in the interests of the area from which I come, southern Saskatchewan. Among the witnesses from this area and from the west generally were members of the National Farmers Union, the three western wheat pools, the Saskatchewan government, the Manitoba government, the Alberta government, the Manitoba Branch Lines Association, the Winnipeg Chamber of Commerce, the Coal Operators Association, and opposition members of the Saskatchewan legislature. There were others, of course, but I just mention those in passing.

Mr. Pickersgill: And the leader of the Liberal party of Manitoba.

Mr. Pascoe: Yes, and the leader of the Liberal party for Manitoba. He presented a brief. In the briefs presented there were at least 75 recommendations for changes to the bill. I

shall not refer to them all, but I have them all here. I shall refer to one or two. I mentioned the three western wheat pools, which are joined as the Canadian Co-operative Wheat Producers. I will read one or two of their recommendations:

> Provision must be made to introduce in commission membership perhaps three or four informed laymen.

This point was expressed several times by witnesses, namely, the need to have laymen on the commission who could take a clear look at the whole situation. The thought expressed by some of these representatives from the west was that the commission, with all the members of the Board of Transport Commissioners embodied in it, would be fairly well railway-oriented. The purpose of this bill is to integrate all forms of transportation and that is why they asked for laymen to be on the commission. They said that this would guard against the possibility of the new look in Canadian transportation being thwarted or upset by those called upon to administer it.

I repeat that their thought was that the commission may be too much railway-oriented. They also made this statement:

> We are unsure about the provisions which have to do with railway freedom in rate-making, unjust discrimination and undue preference, especially in an area like the prairies where there is really no effective competition to the railways.

That is a point I want to bring out again, that Saskatchewan is fairly well tied to railway transportation. They also said:

> We want an opportunity to be heard in advance when the ground rules for costing procedures are being worked out by the commission, especially in connection with Crowsnest Pass rates.

They also made this recommendation, and it is the last one I shall quote:

> There should be powers to allow for the refusing or granting of government payments where they are provided as a railway subsidy and for the withholding or granting of permission to abandon trackage or discontinue a service.

A great many changes were made to the bill as the result of the hearing of witnesses before the transport committee. With at least 60 amendments, the legislation we now have before us bears little resemblance to the bill initially given to the transport committee last October. That is why I think it is important that we spend a great deal of time on the clause by clause study of the bill. I have referred to some of the western presentations. There was also a combined brief from the western provinces and the maritimes in which the province of Saskatchewan did not participate. Saskatchewan is the province that could be most seriously affected by the provisions of Bill No. C-231, and to me it was very surprising that the Saskatchewan government's views were not more forcibly expressed. Saskatchewan has the greatest number of branch lines open to possible abandonment, despite the freeze on many lines until 1975 as indicated by the minister.

• (7:30 p.m.)

The departmental map which was issued from the minister's office clearly shows the number of branch lines in Saskatchewan. Saskatchewan produces the most wheat which has to move by rail for export. The province's potash industry is expanding rapidly, and reasonable freight rates are vital for the long haul by rail to market. Sodium sulphate also moves to market mainly in rail hopper cars. When a shipper has no effective alternative means of shipping his product, as I have indicated is the case with regard to potash, sodium sulphate and other products, he becomes a captive shipper. The minister is aware of the arguments which were advanced on the definition of a captive shipper during the committee's hearings. As other hon. members have pointed out, Bill C-231 is supposed to protect the captive shipper from expensive transportation rates. For the economic welfare and in the interest of all the areas in our country—again I am speaking for Saskatchewan in particular—we must make absolutely certain that this protection is provided.

I will have more to say regarding the maximum rate formula for captive shippers as set out in new section 336, clause 53 of the bill, when that clause comes up for consideration. All I wish to say now is that the proposed formula of variable cost for a 30,000 pound car plus 150 per cent would produce a rate which would be three or four times greater than the present rate. I am mentioning this to indicate that the bill provides very little protection to captive shippers such as I have mentioned. In spite of the consideration which we may give to the minister's plea for fast passage of the bill we must ensure that every clause in the bill meets the needs of all parts of Canada.

The minister will be familiar with the following point which I wish to bring to his attention because I referred to it several times in the transport committee. I am referring to the proposed removal of the $7 million a year bridge subsidy for the long haul north of lake Superior in northern Ontario. The proposed

removal of the bridge subsidy, which has served a very definite purpose in the development of the prairies, will in my opinion greatly affect the cost of transportation. At one of the committee meetings the minister said it was not possible to legislate for geography. We from the prairies consider that the bridge subsidy was an attempt to give due consideration to geographic areas and distances. At one of the meetings of the committee during which the bridge subsidy was discussed a witness stated that the payment of the subsidy represented a saving of, I think, 10 per cent in the cost of farm machinery to the prairies. I could hardly believe it. I will have more to say later on the long-haul problem when the clause regarding the bridge subsidy comes up for consideration.

Mr. Pickersgill: Would the hon. member permit a question? It is my recollection that I did not say we could not legislate for geography. I think I said one could not legislate to remove geography.

Mr. Pascoe: I do not see much difference between the two statements. I am still pleading for consideration for the prairies with regard to this matter.

Mr. Pickersgill: After all, I represent Bonavista-Twillingate.

Mr. Nielsen: They did it with Lake Centre.

Mr. Pascoe: Much of Saskatchewan's future development depends on fair rates for long-haul marketing of low grade heavy commodities, and I am again referring to potash, sodium sulphate, coal and timber. I warn the minister that I intend to speak at greater length later with regard to this matter.

I should like to ask the minister to give us a definite assurance regarding the date of what he said was a commitment by the present Board of Transport Commissioners that there would be no abandonment of branch lines until Bill C-231 comes into effect.

I have a letter from Mr. Rump of the Board of Transport Commissioners for Canada dated December 14 and I trust that the minister's statement was made subsequent to that date. The letter states definitely that the application of the Canadian Pacific Railway Company to abandon its Kelfield Subdivision from Brass to Kelfield in northwest Saskatchewan, a distance of 27.9 miles, is on file with the board. The letter states:

> The line is in the "eligible for abandonment" category without waiting upon the pasage of Bill C-231 and the board is prepared to proceed with the application.

I ask the minister to give us a definite assurance that this does not mean that the board has made a decision to abandon that line, and again may I point out that the letter is dated December 14.

Mr. Pickersgill: I gave my assurance since then. I repeat that I gave it after the hon. member for Springfield spoke and before the hon. member for Medicine Hat spoke. I have had an assurance from the chairman of the board since that date that while they may go on gathering statistics and other information of that sort no hearings will be held and no decisions will be made while the legislation is before parliament.

Mr. Pascoe: I thank the minister. I wanted those words put on record to ensure that this commitment was made after December 14. I shall therefore make no further reference to this matter.

I have one or two further questions. Last week I asked the minister a question but I did not press him for an answer because I knew that the transportation legislation would be coming up soon. I am referring to a news report in the Moose Jaw *Times-Herald* saying that the C.P.R. was raising its passenger fares for one month starting December 9 during the Christmas and New Year holiday season. It said that this increase was in line with the C.P.R. policy of raising rates at a time of greater demand for space on passenger coaches. It said that the fare increase would vary in different parts of Canada. It gave two or three examples and said that the fare from Moose Jaw to Calgary during the holiday season would be raised by $5, that is, from the regular rate of $16 to the special holiday rate of $21. It said that the fare from Moose Jaw to Winnipeg would be increased from $16 to $17.50 on week days and up to $18.50 on Fridays and Saturdays. The fare from Moose Jaw to Toronto was also raised, in accordance with the C.P.R. policy to raise fares during times of greater passenger demand, from $30.60 to $39.10. I asked the minister at that time if the company had the authority to make this decision on its own or whether it had to receive approval from the Board of Transport Commissioners.

• (7:40 p.m.)

While I was in my constituency I consulted an official who is very well connected with transportation agencies and he told me definitely that the trucking industry, which according to the bill is supposed to be in competition with the railways so as to keep rates

down, was going to raise its rates as of January 2 by 10 to 15 per cent and that the railways, particularly the C.P.R., would follow suit. I have a few more remarks to make but perhaps the minister would let me know whether raising rates without reference to any commission is in line with his idea of competition as we remove the present government regulations.

I conclude with a statement that has been made by others in regard to what the minister said was one of the main purposes of the bill, namely, to remove the necessity for the government paying a subsidy to the railways out of the federal treasury, which now amounts to around $110 million. The railways were questioned about this and I think they indicated they would have to make up the subsidy somehow. If they could not get more business they would have to increase rates to make up the $110 million, which to me is certainly an indication that there will be further increases in rates.

I should like the minister to answer these three points. The first concerns the provision of passenger service and whether the railways need authority to raise fares. I have also been given what I consider official notice that the truckers will be raising their rates by 10 to 15 per cent on January 2, so how will the railways meet this? Third, how does the minister think the railways will make up for the removal of the subsidy of $110 million?

Mr. Pickersgill: If the committee will permit me to give very brief answers to the three points made by the hon. member for Moose Jaw-Lake Centre I will be glad to do so but I do not want to restrict the opportunity of anybody else to speak. I am in the hands of the committee.

Mr. Pascoe: I should like to hear the answers if possible.

Mr. Pickersgill: After the hon. gentleman asked his question the other day I made inquiries and was told that the C.P.R.'s rates, even their holiday rates, are lower than the rates that have been prescribed by the Board of Transport Commissioners. I gather one can look at it two ways. Either their rates are lower when there is little traffic in order to attract more traffic—and, of course, as the hon. member knows, the air lines do the same thing—or their rates are slightly higher when more traffic is involved. However, I am told that both ways the rates are well below the ceiling and therefore are not under the control of the Board of Transport Commissioners. I am told that the same thing was done last year as well as in other years. I am just telling the hon. member what I was told. I do not know of my own knowledge.

As to the second point about whether or not the truckers are going to raise their rates, I do not know if they are. They are not under the control at the present time of any agency of the government of Canada. If they want to raise their rates and think they can get enough traffic and can increase their profits, I suppose there is nothing to stop them. As we all know, their costs have certainly gone up because there have been very substantial increases in labour costs. Under the law as it stands the railways can raise their competitive rates whenever they feel inclined to do so as long as the usual notice is given to the board. So really that has nothing to do with this bill.

As for the much bigger question, which was also put by the hon. member for Acadia, about whether or not railway rates will go up, I think the passage of this bill will make very little difference. The freeze is a voluntary freeze. If the bill is not passed within a reasonable time, under the existing law the railways can apply for a horizontal increase.

Mr Pascoe: But they must apply for the increase?

Mr. Pickersgill: Yes. As everybody knows, all they need do is to show that their costs have gone up fantastically since they had their last increase in 1958. So the idea that the passage of this bill will make it easier to increase rates is quite wrong.

Unless parliament is willing to freeze the rates indefinitely and to pay for that freeze, there are going to be changes in the rates whether or not this bill passes. It is important that we get this through our heads. As hon. members know, the great objection to the present system is that the horizontal increases apply almost entirely to the non-competitive rates. It is our hope that when this bill passes and there is greater freedom on the part of the railways they will be able to operate faster with competitive rates, get a bigger share of the traffic, and therefore will not have to put up their non-competitive rates as much to recover their costs.

That is my great defence of this bill, Mr. Chairman. I agree that in the really monopolistic areas we must give protection to the shippers, but in the competitive areas I think we must let the railways have a chance to

compete. It is obvious that as between the truckers and the railways commodity rates on items which could be carried by trucks are competitive, and they are at the present time not under any control.

Mr. Rock: Mr. Chairman, speaking on clause 1 of Bill No. C-231, an act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions, my immediate interest will centre upon clause 78 which pertains to level crossings and the grade crossing fund. The government provides up to 80 per cent of the cost of such works, with a maximum of $500,000, 15 per cent being payable by the highway authorities be they municipal or provincial and 5 per cent being payable by the railway companies. This bill extends these provisions for a further three years.

The Minister of Transport is aware that I have asked him to study the possibility of amending this bill in order to give the new commission the power to initiate, plan and execute works to eliminate level crossings. At that time he referred me to the transport committee of which I am a member. I have had occasion to ask whether this could be done and I was told by legal advisers of the C.P.R. and the C.N.R. that they believed that the present board has this power but has never exercised it. Some of the officials of the transport department, backed up by justice department officials, are of the opinion that the commission does not have this power. They believe it would be unconstitutional for the federal government to impose works and costs on a provincial department or on a municipality which comes under provincial jurisdiction. For this reason I intend to ask that clause 78 stand until the minister can explain whether we can or cannot bring in such an amendment. If we can, I should like to have the opportunity to put forward an amendment of this kind.

• (7:50 p.m.)

All members of the house are aware of the serious level crossing accident which occurred in Dorion. A day later another occurred on Sources Road which divides Dorval and Pointe Claire. Recently there have also been serious level crossing accidents at Port Hope and Pickering, contributing to a total of 480 serious level crossing accidents in Canada ending in death or serious injury. The average is more than one level crossing accident a day.

The general public, and especially those who live in my constituency, are concerned about safety. Recently the officials of the city of Dorval requested that a pedestrian underpass be built beneath the Pine Beach pedestrian level crossing at Dorval. The Board of Transport Commissioners has informed me that the roads department of the province of Quebec will execute works to separate the grade at Sources Road in Pointe Claire-Dorval and St. Charles Road in Beaconsfield immediately after Expo closes.

The reason the roads department is holding back construction is that they feel it would cause undue traffic delay during the period of Expo. Officials of the city of Pierrefonds are meeting with an official of the board on Thursday of this week to discuss the possibility of separating the grade at Monte de Liesses.

What disturbs me is this: suppose the grade crossing fund has been depleted as a result of the interest shown lately by municipalities which stand to benefit from it. Will the minister ask that a supplementary amount be voted in order that no shortage of finances will cause delays in the construction of overpasses or underpasses to eliminate dangerous level crossings?

Mr. Pickersgill: Perhaps I might be permitted to say that I will consider very carefully what the hon. member has said.

[*Translation*]

Mr. Mongrain: Mr. Chairman, to my knowledge Bill No. C-231 is probably one of the most comprehensive and most elaborate bills ever introduced in this house.

I do not intend to read over the national policy, as it is described in the first paragraphs, since all my colleagues have had the opportunity to read the bill.

I will simply say to the minister that, in my opinion, this appears to me as very timely legislation, since there seems to exist, in the Canadian transportation field, a situation reminiscent of the Middle Ages, because of the extent to which it has become unable to keep up with events. It was time we looked into the situation.

I will not analyse in any definite way all the clauses of the bill, because I went over it rapidly, but I do want to hear the opinion of all my colleagues concerning some of the clauses before I make up my mind. Let us simply say that, in general—and I repeat what I said earlier—it will help to clarify a chaotic

situation, which has resulted in a kind of adverse condition for the Canadian economy and, in that connection, I believe the bill could be classed among all those bills of major importance which we have had the opportunity to consider during the present session and to which members of the house have made positive contributions, even though there may have been, here and there, a few partisan eruptions.

Mr. Chairman, I say this legislation is timely because, for one thing, there has been gross neglect on the part of the railways. But I will speak of that later. I should now like to point out, however, that much of my criticism does not apply to the C.N.R.

It seems to me that, in the last few years, the C.N.R. has progressed considerably thanks to the impetus it was given by its president, who is soon to retire, and a few of his fellow-workers. There was a time in Canada where it was said that the C.P.R. was endowed with an exemplary management, but things have changed since. The C.N.R. should now be held up as a model, while the C.P.R. should be severely criticized.

I presume, and I hope, that the minister, when appointing the members of the board, will want it to represent, first of all, the ten provinces, and I should like to specify, be representative of Quebec. Incidentally, I should like to explain to the minister, who on occasion has said that he could not lend himself to racism for personal reasons, that I respect those who from time to time protest in favour of Quebec. I am thinking of that category of people who, to my mind, are reasonable and full of good-will. Of course, I exclude my colleague for Lapointe (Mr. Grégoire). I am referring to those who, back home, prove their goodwill. Those protests are made with a view to reminding the minister that national unity will not be achieved unless those legitimate demands made by Quebec are studied carefully, for they do not denote racism but rather an instinct for self-preservation. Now, those people want to exchange views with all Canadians in all provinces, but, of course, they are not ready to do so at the cost of their survival, from the cultural point of view and in all other respects. I emphasize this, sir, because a bill brought forward by the government contained a list of English speaking persons only; no French speaking people had been included. I do not admit that there is not at least one competent man within our ranks in that field. Again, I do not blame the government, but I would like my criticism to be taken as constructive criticism. I know that the government is well disposed in this regard, as they have shown in many circumstances, and I simply want to draw their attention to this matter.

Therefore, the commission should be representative of the ten provinces; it should include people of unquestioned competence, for it will have a tremendous job to do. It will have to deal in particular with some cases of evident neglect and with some railways which abolish without qualms passenger train service under the pretext that it is uneconomic when they have secured from the government, as everyone knows, untold benefits. They even succeeded in diverting their interests in a multitude of companies and they give everyone the impression at the present time that they want to keep only those undertakings which are truly economic and get rid of those which are not but serve the public. And yet when they obtained those services, they promised the government that they would give such a service.

• (8:00 p.m.)

For instance, take the cancellation of the Montreal-Quebec train which, in my opinion, was absolutely unjustified. People who live in the cities and localities between Montreal and Quebec have been making representations ever since it was cancelled. Representations were made in the provincial legislature; some were made by chambers of commerce and city councils, but the C.P.R. turns a deaf ear.

Mr. Chairman, it is said openly—but I never saw the agreement myself—that some years ago, thanks to the services of a minister who was also a famous politician here in parliament and a lawyer for the C.P.R., some kind of agreement was allegedly reached by the C.P.R. and the C.N.R. to the effect that the C.N.R. would never serve Trois-Rivières and would never compete with the C.P.R. Such a situation, even though justified at the time—I am unable to judge, because I was not there—is no longer justified today. As a matter of fact, Trois-Rivières should be served by the C.N.R., if only to provide us with a better service than the one given by the C.P.R. and ensure a competition which is always sound in that field.

Mr. Chairman, it would be possible to establish such a service, because there is already a railway line going through a village called Charette, approximately 15 miles from our city. Our station could be used jointly by both railways, like the Ottawa station

at present. This would not involve extensive outlays and would probably prompt both railway companies to provide an adequate service in the area I represent which numbers from 350,000 to 450,000 inhabitants.

Mr. Chairman, I suggest that the service is rotten all along the line. It is not the fault of the service agents who are doing their best in hopeless conditions. The staff is reduced, trains are cancelled and the cars are dirty. The railway stations in the province of Quebec are in a shameful condition. I am not speaking about the other provinces, because I know my colleagues will want to do so. Some of those stations would never be tolerated in cities; they would be considered hovels. I am of a certain age, Mr. Chairman, but I think a few of those stations have never been painted in my lifetime.

It will soon be the time of Expo; we are going to invite millions of visitors and show them along our railway lines, hovels used as stations and surrounded by dumping grounds. We could at least cut the grass, prune trees, paint buildings if we do not want to rebuild them.

I would say that the Board of Transport Commissioners should have a lot more power to control those public companies which have taken the cream of the natural resources of Canada. They were granted so many things that they grew rich, but now they have to meet some public obligations, they refuse to do so.

Mr. Chairman, I would have many things to say on this matter, but I know some of my colleagues would like to make a few comments. Some hon. members have already expressed their views and by repeating unnecessarily what has been said I would only extend the debate. However, I just want to point out that, in most railways, I think labour-management relations have been pitiful up to now, but some provisions in this bill will tend to improve those relations and boost employee morale sufficiently to ensure passenger service with a smile.

Mr. Chairman, there is another important matter to which the Board of Transport Commissioners could give full consideration, and that is the trucking industry. It is up against a kind of competition that trucking companies feel unjustified, since railways are receiving grants which, of course, are not available to trucking firms and which place the latter in a most difficult position.

Mr. Chairman, I think we should look into this situation, because the trucking industry has its justification. The private companies who have set up truck transport, incurred the risks, invested the funds needed, and they are not very happy with the competition of railroad companies, which obtained from the Canadian government or the Canadian people all the privileges we know—which they placed in other companies that they now operate to enrich a large number of their directors.

Then, they demand subsidies to compete against private enterprise which tries to meet the needs of the Canadian economy. The Board of Transport Commissioners will need the authority, the will, to straighten out that situation.

Mr. Chairman, I note that the bill tends to standardize the various provincial legislative measures on transport. That, I think, is wise. When one is familiar, for instance, with the type of jungle found in the U.S.A., where each state has its own laws, where it is practically impossible for transport companies to give decent service because of wide differences in their respective governing legislation, I feel it is wise, with all due deference to those provincial ministers of transport who think differently, for the government to assume its responsibilities and ensure trucking some kind of uniformity, in order to avoid the expensive complications which lead to delays and are detrimental to our Canadian economy. I will not go so far as to advocate, in a definite way, perhaps, that truck transportation should be subsidized also, but I believe that this industry is faced with problems which must be examined and considered carefully, at least so as not to favour competition.

Mr. Chairman, with your permission—I do not know whether this is in order—I still have a few remarks to make, but I see that the Minister of Public Works and house leader (Mr. McIlraith) would like to ask for the unanimous consent to take up another measure. I am prepared to resume my seat, provided you agree to recognize me again upon resuming consideration of Bill No. C-231, because I would need about five minutes more.

[*English*]

Mr. McIlraith: Mr. Chairman, perhaps I should answer the hon. gentleman now and say that we propose that this measure will be before the house tomorrow when he will have full opportunity to continue his remarks. I want to thank him for his courtesy in enabling me to rise now. I wonder, Mr. Chairman, whether I could ask the committee to rise,

report progress, and ask leave to sit again, in order that I may detail some plans for the further business of the house.

The Deputy Chairman: Shall I rise, report progress, and ask leave to sit later this day or at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, there have been some discussions among the house leaders and with some other members about the business and we have some suggestions we would like to put forward which we think will meet the wishes of all hon. members. They are that we now proceed immediately to deal with third reading of the old age security supplementary pensions bill. When that is completed tonight we will consider certain items which I shall outline now. They are items Nos. 93, 100, 79, 96, 104, 110 and 117. The first two items, the one dealing with the export credits insurance bill and the other with incentives for scientific research, we would wish to have finished.

Mr. Starr: Would you repeat them again in sequence?

Mr. McIlraith: Yes. The export credit insurance measure would be first. That is item 93. The second would be item 100, the legislation for incentives for the expansion of scientific research. We might not complete the other five of the seven items I have mentioned, but we would like to complete the first two if we could tonight and we would like the consent of the house to continue our sitting after 10 o'clock tonight in order to accomplish this.

Tomorrow we expect to be able to have royal assent to the old age security bill at or about ten o'clock. We would, of course, continue tomorrow with the transport bill, and we would need the concurrence of the house to continue our sitting tomorrow night after six o'clock. We would then adjourn the house for a recess and the adjournment would be until January 9. I shall have the formal motion for the adjournment on the order paper tomorrow. I have given notice of it this afternoon and it will be on the order paper for tomorrow. If that course of action is agreeable, I should like it so ordered and to proceed in that way.

[Mr. McIlraith.]

• (8:10 p.m.)

Mr. Starr: Mr. Speaker, I have a question for the house leader. He specifically mentioned that items 93 and 100 on the order paper would be dealt with tonight after the normal sitting hour. On the other hand, he also mentioned there were some seven items. How will we be able to deal with the other items? Will they be dealt with tomorrow?

Mr. McIlraith: I should like to deal with them tonight if it is possible to do so. I would not like to undertake to call them tomorrow. We might not proceed with some of them.

Mr. Starr: Is the time for sitting after ten o'clock any particular time?

Mr. McIlraith: I would be glad to put some reasonable limitation on it which would accomplish the business we have in mind. I should like to get the old age security measure and these first two measures through in any event. But if we finish those items before 11.30 we would then take any of the other items I have mentioned. That might be a fair suggestion if it could be so ordered.

Mr. Knowles: Mr. Speaker, the house leader has accurately stated the conclusion we reached at our meeting this afternoon. We are prepared to agree to the house order which he suggests. Perhaps I should emphasize our understanding about tonight. It is that we are prepared to sit after ten o'clock for whatever time is necessary to complete the old age security item and the first two items which the minister mentioned. What we do after that will depend on what time it is, the mood of the house, and so on.

Mr. McIlraith: That is right.

Mr. Deputy Speaker: Order. Is it agreed by the house that following the discussion of the business of the house third reading of Bill C-251 will be taken?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Does the house also agree to sit beyond ten o'clock this evening?

Some hon. Members: Agreed.

Mr. Deputy Speaker: I understand that in sitting beyond ten o'clock no time limit has been set. Is this agreed?

Some hon. Members: Agreed.

Mr. Starr: Provided, Mr. Speaker, that we undertake only the legislation which has been mentioned and not the transport bill.

Mr. McIlraith: That is right.

Mr. Deputy Speaker: It having been agreed that the house will sit beyond ten o'clock, I understand that the two bills which are to receive priority are those set out in order No. 93 and order No. 100 on today's order paper.

Some hon. Members: Agreed.

Mr. Deputy Speaker: It seems a little difficult to make an order on this, but I understand that if possible consideration will be given to orders numbered 79, 96, 104, 110 and 117.

Some hon. Members: Agreed.

Mr. Knowles: But it was decided that—

Mr. Deputy Speaker: The government house leader also asked the consent of the house to sit beyond six o'clock tomorrow. Again, does the suggestion of the house leader that we sit beyond six o'clock tomorrow contain no time limit?

Mr. McIlraith: Until ten o'clock tomorrow night. From six until ten o'clock tomorrow night.

Mr. Starr: Or sooner.

Mr. Deputy Speaker: So that there will be no misunderstanding, may I go over the different points again. Following this discussion we will have third reading of Bill C-251. We will then discuss items 93 and 100 on today's order paper. If there is time remaining we will consider items 79, 96, 104, 110 and 117. The house will sit after ten o'clock this evening with no time limit specified. Tomorrow the house will sit from six o'clock to ten o'clock. Does the house agree that it be so ordered?

Some hon. Members: Agreed.

OLD AGE SECURITY ACT AMENDMENT

PROVISION OF GUARANTEED INCOME SUPPLEMENTS AND DETERMINATION OF PENSIONERS' INCOMES

Hon. A. J. MacEachen (Minister of National Health and Welfare) moved the third reading of Bill No. C-251, to amend the Old Age Security Act.

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, in order to conform to the geniality which exists I will be as brief as possible in making my point. First of all, I think I should bring to the attention of the house the fact that in the course of this session we have passed a very substantial amount of business and legislation. I understand we have dealt with 100 items, which is far in excess of the amount of work done in one or possibly two normal sessions. Be this as it may, and inasmuch as we are dealing with the supplementary payment to old age pensioners, I should like to say to the house and through the house to the country that it seems that quite a substantial number of senior citizens will benefit from this legislation, with which principle I heartily agree, but regrettably a good number of those who will benefit from it will be placed in a position of prejudice.

I might say, Mr. Speaker, that if I thought for one moment the amendment would carry I would move that we stand this bill and return it to committee for the consideration of a flat payment to all recipients of old age security today. All these people have assisted in the growth of this country and we are now enjoying the fruits of their efforts. All these people have assisted in making a contribution to our society and our economic position in the world today. I think they should have the right to share in this. They unquestionably pay for this privilege because those who have the income or who have the money behind them are assessed accordingly. I feel it would not cost the taxpayers the money that this bill and the resultant mini-budget will cost the taxpayers of Canada.

I know this whole question has been discussed, but I think we should consider a few ways in which prejudice will take place. Since this legislation has been under consideration I have received calls from many people. In particular I should like to mention a few just to indicate what it will mean. A lady who has passed the age of 70 and is very adept in the art or craft of dressmaking probably makes $40 or $50 a month under present circumstances. Of course it will be to her advantage to stop doing the work she is doing. Then there is the elderly gentleman who finds it beneficial to do a job after he has reached age 70. Now he will say to himself that it is no longer right or good for him financially to do this, and he will quit. So, as has been said, in my humble opinion this legislation will be a detriment in these cases. These people are discriminated against and will be prejudiced as a result of this legislation. I have heard these people say that they are prepared to settle for less than $30 a month provided it is on a flat rate basis. Surely the people who are concerned are the people who should know.

• (8:20 p.m.)

The government has taken the position that this is not the case. They have said no. It

astounds me when I think of the ability of this government to turn the people and society against them. When I think of what this government has done or has omitted to do I think of students, medical people, paramedical people, workers, unions, senior citizens, farmers, and I would have more to say about them had the minister remained in his seat but he has gone. I also think of the people who should receive the benefits inherent in the designated area program, and I think of the investors in this country who do not receive the consideration of this government. I am reminded of what has been done on an international basis as a result of the actions of this government.

Having regard to the budget brought down last evening it seems to me that the government did not inform Canadians that they are now going to have to pay for what we now know old age pensioners require. In other words, the old age pensioners are being blamed for the increased taxes announced last evening. That is wrong because there is approximately $330 million now in the fund. With that knowledge I am sure every Canadian must realize that it was unnecessary to increase taxes for this purpose.

Let me now refer to the different segments or classes in which old age pensioners are to be placed. We are to collect taxes to pay for the $75 basic old age security pension, taxes to pay for the Canada Pension Plan and taxes for supplementary payments. It is high time that we should think about efficiency instead of recruiting a vast number of bureaucrats to tidy up the existing mess. The government is overtaxing so far as the old age security plan is concerned, and it is overtaxing to pay for the Canada Pension Plan. It now intends to overtax, bearing in mind the $330 million in the fund, to pay for supplementary payments to old age pensioners. All this overtaxation is unnecessary because the necessary amount of money could be saved by increasing administrative efficiency. We should have one administrative staff instead of three to handle social security measures.

An hon. Member: How do you pay for them?

Mr. Winkler: We certainly are not going to find the money by hiring an additional but unnecessary administrative staff, and if the hon. member does not realize even that much he has not been here long enough to know what is happening.

[Mr. Winkler.]

All our social security measures should be put under one administrative staff in order that we can be efficient. The extra taxes now being imposed are unnecessary. Rather than thinking of the various segments of our society that can be taxed to a greater extent we should think of saving money. All we are doing is creating a bureaucratic kingdom without end. That is a Grit philosophy, not one of ours. I hope the press will take up this point and bring it to the attention of the people. We have three small but very important segments of taxation for the same purpose; yet we are being totally inefficient in the administration of our social programs.

While I feel it necessary to vote in favour of supplementary payments to our old age pensioners I am obliged to bring to the attention of the house the fact that our taxation policies are unjust. This government has not even thought of efficiency with regard to handling our social measures on behalf of the people who have built this country. It has not adopted an honest attitude in building a future for those people who will enter our economic society in days to come.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, before the house is asked to give third reading to Bill No. C-251 I wish to make one more appeal to the Minister of National Health and Welfare (Mr. MacEachen) and to the government of the day to transform the bill into the kind of legislation it ought to be. We welcome as heartily as we can the fact that a new figure has been set for old age pensions in this country, namely, $105 per month, but we regret that this bill involves a retrograde step in its departure from universality in that the government is applying what it calls an income test but which most people in this country will call a means test. I intend to give effect to our appeal on third reading by moving an amendment, but let me hasten to say that the minister need not regard my amendment as a motion of non-confidence.

It is my belief that if the minister were willing, as I am sure in his heart he is, to accept the proposition we intend to put from this side of the house and go back to the idea of a full pension without a means test, he would find the house prepared tonight to pass all stages of whatever legislation is necessary to provide a pension of $105 per month to all pensioners without a means test. I can speak only for myself in saying there would be no debate, but I am fully confident that would be the attitude adopted throughout the house. I

am confident that if the government said that the house need not vote on the amendment moved by the member for Winnipeg North Centre and was prepared to bring in a simple amendment to the Old Age Security Act providing a pension of $105 per month without a means test it would receive the complete support of this house and such a bill would move through all stages tonight.

Let me appeal to the Minister of National Health and Welfare, who is responsible for this legislation, to throw it out. I ask him to do this on the basis that in our kind of society an income test, calling it by the government's name, is inherently wrong so far as our old age pensioners are concerned. Other members during the course of this debate, including the hon. member for Grey-Bruce (Mr. Winkler) just now, have drawn attention to the horror with which many of our pensioners face the fact that a means test is coming. Attention has been drawn to the elements of discrimination in the test, which need not be repeated now.

• (8:30 p.m.)

I do want to say to the minister that what we are creating as a result of this legislation is a jungle in the field of old age pension legislation. There was a time, after many years of coping with this problem, when the parliament of Canada set up a special joint committee which went into the matter very thoroughly and came up with the recommendation of old age security, namely, a pension without a means test to all who reached a certain age. For a time that plan seemed to meet the needs of the aged in this country. True, the original amount had to be increased but the general plan seemed more or less satisfactory. But the time came when it was realized that old age security as a flat-rate program had to be matched with an earnings related program. Thus the Canada Pension Plan was evolved.

I am still prepared to say that those two plans, properly integrated, properly thought out in relation to each other, made a good pension package, the flat-rate old age security and the Canada Pension Plan on an earnings related basis. However, not enough thought was put into the relationship between the two plans. Not enough thought was given to what the amount of old age security should be in relation to the Canada Pension Plan. So the day came when the government began to try to fill the gaps. The first attempt to fill the gaps was the Canada Assistance Plan.

For a number of weeks we were told that it would solve the problem. The government soon discovered that even that plan did not fill all the gaps, even that plan did not solve all the problems. So the government came along with another gap-filler, namely, this means test supplement to old age security. In addition to the four programs which I have named in this brief historical summary, there is also the Old Age Assistance Act. I recognize that it is phasing out as the eligible age for old age security drops year by year until it gets down to 65, but at least at the moment when this bill has been passed we will find ourselves in this country with five pieces of legislation respecting retirement in old age. Those five pieces of legislation are the Old Age Security Act, the Old Age Assistance Act, the Canada Pension Plan, the Canada Assistance Plan and now supplementary old age security payments.

This is not a well thought out plan. It is not the kind of plan that will stand for all time, as the Minister of National Health and Welfare said when he introduced this bill on second reading. This is not the kind of complete system of old age pensions that is good for all time, as the Minister of Finance (Mr. Sharp) said last night. If I may repeat myself, it is not a well thought-out plan. I suggest that the word used by the hon. member for Parry Sound-Muskoka (Mr. Aiken), namely, "jungle", does apply to this arrangement. I regret that the confusion that was already there, confusion brought about because of this business of filling the gaps instead of thinking through the whole situation, has been compounded by the action the government is now asking parliament to take.

But it is not too late to improve this situation. The kind of improvement that is really needed, of course, is to go back and think through the whole scheme, the whole program, the whole plan. At least until such time as there could be a recasting of the whole program we could avoid adding this fifth method of dealing with retirement and old age, namely, a $30 supplement on a means test basis. The way to avoid that is simply to add the $30 to the basic old age security pension and to pay the full $105 without a means test of any kind.

I say to the Minister of National Health and Welfare, and if he were free to say so I think he would probably say he agrees with me, that the five-part plan we now have, or will have if this bill goes through, will not last; it will not be very long before changes will be made to it. In fact, I would not be surprised if the government in power today were to propose changes to it before the next election. If

it does not propose changes before the next election, it will probably go into the next election promising that it will make changes. One of the promises I think this government will make, even if it does so under pressure, will be that it will remove the income test as the Liberals call it, or the means test as the Canadian people call it, from the extra $30.

If this does not happen at the next election, it will happen in a matter of a few years. Canada will not be satisfied with this five-part confusion which we have built up with respect to old age security. We could simplify it. Time will take care of the Old Age Assistance Act as the eligible age for old age security comes down to 65. The Canada Assistance Plan is mainly a plan for other areas of social need. If we were to take the proposal that is before us tonight and incorporate it into the basic old age security pension, we would be back basically to a two-part plan—on the one hand a flat-rate benefit, and on the other the earnings related benefit in the Canada Pension Plan.

I believe that those two schemes, if given the chance to work together as they ought to, would produce a good pension package. My theory is that this fiddling around we are doing with supplementary means test payments, with the Canada Assistance Plan and old age assistance, is unfair to the principles of the Canada Pension Plan in that the legislation this government brought in is being interfered with by this kind of arrangement.

Therefore, Mr. Speaker, it is my earnest plea to the government to take one more look at this matter before it asks us to give third reading to this bill in its present form. I could go over all the points about this bill that were gone into on second reading and in committee of the whole. I will not do so. I could read, if there was plenty of time, the mail I have been receiving in the last few days from people who are horrified and mystified by this arrangement, who cannot understand why the principle of the last 15 years cannot be continued. I will not do that tonight. I have such letters by the score upstairs.

I am making my appeal to the government on the basis of its own approach. I believe there was a time when the Liberals who now occupy the government benches felt that we had to do something to improve the old age security system and they came up with the idea of the Canada Pension Plan. If they had just put more thought into making these two plans work together or making them fit into each other, instead of coming up with the hodge-podge of a jungle that we now have, we would have something of which we could be proud. The document from the Liberal federation that I had here last night ended with the sentence that the means test supplement in the proposed scheme is a plan of which Liberals can be proud. I do not think that the Liberals who tried to build up the pension program in the days when they were on this side of the house, who tried to improve the pension picture in this country, are proud of what they have now achieved, namely, this five-part jungle of old age security, old age assistance, the Canada Assistance Plan, the Canada Pension Plan and the $30 means test supplement. This is not worthy of the parliament of Canada in the 1960's. We can do a great deal better, and we can start on that road tonight by saying here in this House of Commons that we are not going to go for confusing the situation by building this means test into the pensions which our senior citizens receive.

• (8:40 p.m.)

Therefore I urge that before we take the vote on third reading the government think seriously about this matter. As I said, I will give effect to this appeal by making the appropriate amendment on third reading and I hope that the government will consider my suggestion that a vote on it is not necessary if the government is prepared to bring in a simple bill amending the Old Age Security Act and raising the pension to $105 a month. I say to the government that if it is not prepared to do it tonight, if it is not prepared to do it at this session, it will be done some day by the parliament of Canada. If this is the case, then why not do it now so that the older people today will enjoy the dignity and self-respect of a pension free of any test and so that Canada will continue to be a country with a pension plan which respects the rights and the dignity of our older people?

Therefore I move, seconded by the hon. member for Vancouver-Kingsway (Mrs. MacInnis):

> That Bill C-251 be not now read a third time, but that it be referred back to the committee of the whole house for the purpose of reconsidering the income test provided in clause 3 thereof.

You will note, Mr. Speaker, that I have drafted this amendment in line with citation 415 on page 287 of Beauchesne's fourth edition, and other citations immediately thereafter. Under our rules we are entitled on third reading to ask for reconsideration of a matter with which we have dealt in committee. I ask

for a reconsideration of what the government calls the income test and I hope that that reconsideration will result in the test being removed. We are asking for the $105 pension to be universal. If this amendment comes to a vote, this is what we shall be voting for. We will be voting for a pension free of any income or means test, for a full $105 to be paid to all our eligible old age pensioners, and I ask the house to support this amendment.

Mr. Deputy Speaker: For the benefit of the house I shall read the amendment moved by the hon. member for Winnipeg North Centre.

That Bill C-251 be not now read a third time, but that it be referred back to the committee of the whole house for the purpose of reconsidering the income test provided in clause 3 thereof.

I would invite comments from hon. members regarding the acceptability of this amendment.

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I should like to make a few comments on the reasons for referring this bill back to the committee of the whole. In the first place we believe that this legislation, if it goes through, will create so many problems that within five years it will have to be changed beyond recognition. We have pleaded for an increase in old age security to $100 per month as a matter of right because we believe in the wisdom of the joint committee and the wisdom of the parliament of 1951 when they stated that there must be no means test.

We came to this conclusion for the following reasons. First, we consider that all senior citizens have contributed to the building of this country, and not to give them an increase would be unfair. In 1951 we believed that the means test was demoralizing and destructive to our senior citizens, and this is still true today. We also believe that the cost of administration of this program would be so high as to eliminate any savings which might be effected. If this bill is passed and put into effect we will reach the conclusion in a very short time that the administrative costs are too high.

No longer do we want our senior citizens to be hauled into court as if they were common criminals. This can and may happen under the legislation. We believe that this so-called income test is just as irritating and severe as poison ivy, and whether or not it is scented it will be just as troublesome and even more so. We have taken the attitude over the past three years since the old age security payments were raised that during that time the cost of living and rents have increased so rapidly that strikes have taken place all across this land. In the last year wage increases have been as high as 30 per cent, and two thirds of our senior citizens were in difficulty through no fault of their own.

In 1951 the gross national product amounted to $21 billion. In 1966 the gross national product is approximately two and a half times that figure. It is our opinion that since it was felt in 1951 that the figure of $40 was fair and equitable we can assume that old age pensions should be raised now by two and a half times which would bring them up to $100 a month. We feel that our senior citizens are entitled to share in the growth of this country and that since they have contributed to that growth they should be entitled to a pension of $100 a month as a matter of right.

We feel that this pension is a necessity since the cost of food alone has gone up 10 per cent in the last year and rents have gone up as much as 20 per cent and in some cases more. Taxes have gone up. In the last three years there has been an 11 per cent sales tax and a provincial sales tax of 5 per cent. Last night we were told that taxes would be increased by another $290 million. This increase will hit hardest the person on fixed income, the pensioner. In my opinion it will increase the demands on the Canada Assistance Plan.

I have another criticism to make. I believe that the cost of administration of the program will run close to $10 million. I also feel that there will be a great deal of duplication of services. Let us take the case of a pensioner who receives $105 a month and for whom this amount is not sufficient. In such a case the Canada Assistance Plan will come into play. In other words, the person who requires $125 a month will have an investigator inquiring into his income up to $105 a month and another group of federal civil servants checking on the remaining amount. This is the duplication to which I referred which will increase the costs tremendously. These pensioners will have two groups of investigators riding on their backs.

Mr. Munro: As the hon. member mentioned, there may be areas in this country where people may need $125 a month. Would he recommend a flat increase in the old age security pension which would bring it up to $125 a month?

• (8:50 p.m.)

Mr. Rynard: I made myself perfectly plain. I recommended up to $100 a month without a means test, and I will give my reasons later.

Mr. Munro: What about those who need $125?

Mr. Rynard: I have come to the conclusion that the hon. gentleman does not realize what the Canada Assistance Plan is about.

Mr. Munro: Does the hon. member not object to some type of needs test under the Canada Assistance Plan?

Mr. Deputy Speaker: Does the hon. member for Simcoe East wish to accept a question?

Mr. Grafftey: You are going back to the 19th century; you are embarrassed and you know it.

Mr. Rynard: Not only that, Mr. Speaker, but let me recapitulate that the senior citizens of this country who qualify for both the supplement and assistance will find themselves with two groups of civil servants, one at the federal level and one at the provincial level, on their backs. This is unnecessary duplication and we will get into a morass of legislative difficulty.

We are opposed to this bill, Mr. Speaker. What happens to pensioners at age 65 as far as medicare is concerned if they get this $30 a month? In the province of Ontario one month's increase, $30, will be taken away, so instead of receiving $30 for each of the 12 months they will lose one month's increase.

Let me go a little further and ask what becomes of the man who finds himself in a home, either in the province of Ontario or any other province? He will find the province deducting another $30, so he will be short two months' increase. I go even further and ask what becomes of this new income tax payment for which they are liable, and what about their hospitalization? The $30 a month which we are so magnanimously granting them will be whittled down and they will only receive nine months' payments if they are lucky. These are some of the reasons we in this party cannot agree to accept this bill. It is a bad measure.

Last night in the house the Minister of Finance added another 1 per cent to the sales tax. So in effect a 2 per cent tax is being imposed at retail level upon the people least able to pay it. This is why we oppose the bill. It is true we brought in two amendments and that the major part of one was recognized, resulting in stopping the interdepartmental snooping envisaged by the Department of National Health and Welfare and the Department of National Revenue. We felt this was a terrific abrogation of people's rights. The minister straightened this out, at least part of the way, and we thank him for that crumb.

We are also grateful that some further consideration was given married couples, one of whom is over 65. If we are forced into the position of denying senior citizens eligibility for this increase and make them accept a makeshift loaf, then in the very near future the minister will find himself amidst a forest of legislative tangles from which he will find it hard it extricate himself without destroying the whole thing. It is just a jungle, as the hon. member for Winnipeg North Centre put it.

Furthermore, Mr. Speaker, we are opposed to the bill because in 1975 the $30 a month will be withdrawn, and with the erosion presently taking place under this government the value of the $75 pension will have fallen to about $55.

Mr. Fulton: Maybe $40.

Mr. Rynard: Maybe $40, as the hon. member for Kamloops suggests. The only provision the government has built into this legislation is a 2 per cent erosion. But last year alone there was a 10 per cent increase in the cost of food and a 10 to 20 per cent increase in rents. So you do not need much imagination to figure out what the $75 pension will be worth by 1975.

What are the thousands of Canadians across the land who will receive no benefit from the Canada Pension Plan going to do with a pension that will have decreased in buying value to say $50 or, as the hon. member for Kamloops suggested, perhaps $40? What in the world will become of them? Are we going to increase the legislative tangle in an effort to look after these people? In my opinion this legislation is so full of loopholes that I believe that in five years it will have to be drastically changed or we will have to dispense with it entirely and bring in a new bill. I suppose that in the final analysis we are placed in the philosophical position of either giving the pensioners half a loaf or no bread, in view of the fact that the government is continuing to be stubborn by applying a means test. We in this party have shown that we appreciate fully the plight of our senior citizens.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the third reading stage of the bill is the stage when the members of the House of Commons stand eyeball to eyeball with the bill, with its principles

and with its provisions. I was not sure from the comments of the hon. member who has just taken his seat whether his confrontation with the bill would lead him to support it or to oppose it on a vote.

Rarely, Mr. Speaker, has legislation before this house produced such chameleon and contradictory comments from hon. gentlemen opposite. On the one hand, the program is condemned as iniquitous and parsimonious, an attempt to legislate guaranteed annual poverty. Yet in the next breath we are urged to extend the program into perpetuity and to apply its provisions without qualification to Canadian pensioners residing in 60 different countries.

Yet, Mr. Speaker, with all the hand wringing and haranguing, hon. members opposite have failed to meet or to overcome the crucial and central advantage of the guaranteed income approach, which is that it does more than any alternative proposal for those older people who are most in need of additional income, those who are now trying to get by on the $75 a month old age security cheque.

Mr. McCleave: Could I ask the minister a question. Who wrote his speech?

Mr. MacEachen: I would be happy to give a speech without a text if the hon. member insists.

• (9:00 p.m.)

Hon. members opposite, especially the hon. member for Prince Edward-Lennox (Mr. Alkenbrack), painted a compelling picture of those older persons who have only $75 to get by on each month. The hon. member said that the poor senior citizen who now receives a pension of $75 a month must reveal all of his private affairs to the government before he can receive any supplementary amount up to $30 a month. I simply remind the hon. member for Prince Edward-Lennox that the people he describes—

Mr. McCleave: On a point of order, Mr. Speaker, I think the minister is even more short-sighted than we are accustomed to his being in this house. In the second place, he appears to be reading from a printed text, which is not permitted by the rules of the house.

Some hon. Members: Oh, oh.

Mr. McCleave: Let those opposite sigh and bleat like sheep, but I am raising a point of order. If the minister has anything to say out of his heart or his mind, he should be able to say it without a printed text. I am merely invoking the rule which has been invoked in the house for a long time.

Mr. Deputy Speaker: Order. It appears that the minister is following his notes very closely but we shall probably find that as he proceeds he will be able to depart from the text.

Mr. MacEachen: I assure the hon. member that I do have notes and that I intend to extend them a great deal, if only for the purpose of satisfying the petty attitude of the senior member from Halifax.

Some hon. Members: Hear, hear.

Mr. Fulton: It would be much more appreciated if the minister would shorten them.

Mr. MacEachen: I will make my comments as brief as the situation requires but I would remind hon. gentlemen opposite that they occupied four days on second reading of this bill, five days in committee, and on third reading, which has just commenced, they have engaged in a series of destructive comments.

Some hon. Members: Hear, hear.

Mr. Starr: I rise on a point of order. The opposition has made a concession to the government by agreeing that the third reading of this bill may be considered this evening. We did not do so in order that the minister might get up and make a political speech as he is doing now and as he did on another occasion when the opposition allowed him extra time beyond the limit allowed even to a minister. If he persists in doing this we shall continue the debate on third reading for the balance of the evening and tomorrow. He will either have to change his mind and co-operate or this is what we will do. The minister has to give consideration to this point if he wants the bill to go through tonight.

Mr. MacEachen: That is not a point of order. I propose to answer the comments which have been made about this legislation and it is the responsibility of the opposition if they wish to pass it or not.

Mr. Starr: You have said it.

Mr. MacEachen: I will not be blackmailed into curtailing my comments by the remarks of the opposition house leader.

Mr. Starr: You will never get it through tonight.

Mr. MacEachen: I made no request to the official opposition at any time that they should

shorten their comments on this bill at any stage. I have waited and I have listened to their comments and I expect members of the opposition to do the same for me. If they wish to hold up the passage of this bill, that is their responsibility.

Mr. McCleave: That is fine.

Mr. MacEachen: I repeat what I said earlier. By using the guaranteed annual income approach we are able to put an additional $30 million a year or more into the hands of the 500,000 to 600,000 older Canadians whose only declarable income is the $75 a month old age security benefit. The hon. member for Winnipeg North Centre (Mr. Knowles) attempted to get round this point by raising his party's flat-rate ante to $105 a month. But I suggest, Mr. Speaker, that this auctionary manoeuvre on the part of the N.D.P. in no way changes the basic question of policy, which is whether any additional amounts available for old age pensioners should be distributed among the low-income groups or whether they should be diluted over the entire band of old age security recipients. Merely to escalate the amount of the flat-rate increase does not effectively resolve this basic policy question.

The government has carefully examined all aspects of this question and has decided that the amount of money available at the present time can best be deployed through an income guarantee program. The question raised by the N.D.P. is simply this: shall we tax wage earners more in order to pay flat-rate pensions of $105 a month in perpetuity to those who really do not need them? The hon. member for Winnipeg North Centre accepts an affirmative answer to this basic question.

But let us examine his solution for a moment. First of all, a flat-rate pension of $105 per month will not put an additional penny into the pockets of those 500,000 to 600,000 whose sole source of income is now the $75 a month old age security. It may mean extra dollars for some of those 300,000 Canadians who will be eligible for partial benefits under the guaranteed annual income approach. But by far the greater portion of the additional $170 million which would be required to finance the N.D.P. proposal would go to those in higher income brackets, above the guaranteed income limits set out in this legislation. In other words, of the additional $170 million which the N.D.P. proposal would cost, close to 60 per cent of it would go to the 25 per cent of the people in higher income brackets. This would mean, Mr. Speaker, that the hon. member for Winnipeg North Centre and his colleagues would impose additional taxes on Canadian wage earners to put extra money into the pockets of a relatively small number of retired persons in the higher income brackets.

The supreme irony of this proposal is that it would transfer tax moneys from present wage earners, many of them supporting young families, to those whose income in many cases would be higher than the incomes of those workers who would be financing those additional benefits through taxes.

Some hon. Members: Hear, hear.

• (9:10 p.m.)

Mr. MacEachen: I can only say, Mr. Speaker, that this indeed is a curious argument coming from a corner of the house which has so carefully and assiduously cultivated its image as the Holy Grail among the workers of Canada.

Some hon. Members: Hear, hear.

Mr. MacEachen: I ask hon. members who have participated in this debate and who have argued against this proposal, should we as responsible legislators tax wage earners of this country to give pensions to people whose incomes are greater even than those from whom taxes are collected? That is the basic policy question that has not been answered by any criticism coming from the other side of the house. The hon. member for Winnipeg North Centre and his colleagues have given their answer to this policy question by their amendment. The answer of the government is embodied in this bill, and I am quite prepared to accept the judgment of the Canadian people on this particular approach—

Mr. Knowles: So are we.

Mr. MacEachen: —because I think the majority of the taxpayers of Canada and the people of Canada will regard this approach as a responsible and realistic approach.

Some hon. Members: Hear, hear.

Mr. Sherman: Would the minister permit a question?

Mr. MacEachen: I would be glad to answer any questions after I have completed my remarks. I have been asked to be as short as possible and I will answer questions when I have completed my remarks.

Mr. Churchill: You will have all day tomorrow.

Mr. MacEachen: Hon. gentlemen opposite, especially the hon. member for Timiskaming (Mr. Peters) and the hon. lady from Vancouver-Kingsway, have been eager to put their correspondence from old age pensioners on the record, and the hon. member for Winnipeg North Centre (Mr. Knowles) has constantly referred to the fact that he has scores of letters from old age pensioners who are saying in a united chorus that the approach the government is taking is wrong. Well, that is their correspondence. I have had correspondence from old age pensioners and I would like to read a paragraph from one of the letters because it underlines the point that I have been making up to this moment. The first sentence is flattering but I do not read it for that purpose.

My wife and I send you our congratulations on your personal perseverance in presenting . . . the increase of $30 a month. As my wife and I are in our 70 year bracket and (get) $150 for us both, I can tell you it has been hard sledding, but the fact that neither of us smoke or drink was a big factor in getting along.

Referring to this legislation, the writer says:

This, in my mind, is the only legislation where the poor gets more and the rich gets nothing.

Some hon. Members: Hear, hear.

Mr. MacEachen: "Where the poor gets more and the rich gets nothing" is the defence for the approach that the government is taking, the approach that no hon. member has tackled on its merits in the course of this debate. I say it is important that the government and Candian society maintain some equilibrium, some equity between our responsibilities to the taxpayers and our responsibilities to the older people, and I repeat again that the guaranteed income approach provided for in this legislation achieves the most judicious and realistic balance between these important responsibilities.

As I noted earlier, Mr. Speaker, and I put it on the record again, in 1967 this program will cost taxpayers approximately $100 million less than the least costly of the alternatives put forward by members of the opposition. Yet despite that feature of this legislation, because taxes are being raised to finance it, the tax raising process has been bitterly denounced by hon. members this very evening. This variation in the cost will increase as time goes on, as more and more Canadians become eligible for higher and higher benefits under the Canada and Quebec pension plans. Indeed, by 1970 the cost of the guaranteed income supplement will be almost $200 million less than the flat-rate increase advocated by members of the official opposition.

Hon. members opposite have criticized this proposal because it is a transitional program and, notwithstanding its inadequacies, they have urged that the program not be transitional but that it be applied in perpetuity, that it be made to apply forever. All I can say in reply to that argument is that the government accepts the recommendation made to it by the joint Senate and House of Commons committee.

That committee, of which the hon. member for Winnipeg North Centre was a most vocal and active member, recommended that some additional form of income maintenance be made available to those persons who, because of age, could not benefit in full or could benefit only in part from the Quebec and Canada pension plans, and the purpose of this legislation is to put into effect the recommendation of that joint committee with respect to this specific identifiable group.

Mr. Knowles: That was not the only recommendation.

Mr. MacEachen: Well, this is the recommendation that is being put into effect by the legislation before us tonight.

Mr. Knowles: But you ignored the other one, which was more important.

Mr. MacEachen: Mr. Speaker, there is one other point that I would like to cover in some detail, and it is the subject matter of the amendment that is now before the house on the third reading of the bill. This is the question of the income criteria used to determine the level of benefits under this program.

Hon. members opposite have done, in the word of the hon. member for Nanaimo-Cowichan-The Islands (Mr. Cameron), their disingenuous best to distort this feature of the program and to spread what I regard as false fears among the older people of Canada. The hollowness and the hypocrisy of the amendment that the house is now asked to deal with—and I repeat the word "hypocrisy"—are clearly exposed when one compares the comments of the N.D.P. in December with those of last June.

I have already placed on the record the statements made by the hon. member for York South (Mr. Lewis), and it might be appropriate to remind the hon. member for Winnipeg North Centre of the summertime romance that the deputy leader of the N.D.P. carried

on with the guaranteed income approach. This is what he said in reply to a question I put to him, and I asked him the question because I had in mind this very point, this very amendment, when we were considering the Canada Assistance Plan. I asked him, "How do you find out the income", and he replied:

> Obviously, if you have an income maintenance program you have got to find out what income a person has . . . I am sure the minister knows that as well as I do.

Of course we know that, Mr. Speaker. The Leader of the Opposition (Mr. Diefenbaker) might suggest that we would get this income information by some process of extra-terrestrial perception, as he calls it, but this is an uncertain method to derive the income information we require for this program. In this legislation we are carrying out precisely the recommendations of the Senate special committee on aging, proposals which were energetically and enthusiastically endorsed by the leader of the N.D.P., by the deputy leader, and by the hon. member for Vancouver-Kingsway (Mrs. MacInnis). We are putting into effect the proposals made by the Senate committee on aging which the N.D.P. endorsed in June. But this is December. This is what the Senate committee said:

• (9:20 p.m.)

> The establishment of an income guarantee program to provide allowances throughout life to all persons, beginning at age 65, on the following lines:
>
> (c) that the procedure call for the completion of a simplified income form annually and that the amount by which the declared income falls short of the established minima in any year constitute the benefit of the year following.

That is the recommendation of the Senate committee on aging. The next point is that there be sample checks periodically to catch abuses but no means or needs test inquiries on traditional lines. That is precisely what we are doing in this legislation. We are carrying out the recommendation of the Senate committee. I should like to remind the hon. member for Winnipeg South Centre (Mr. Churchill) that this is a report which has been endorsed by some of the leading luminaries of his party such as a former cabinet minister, a former minister who served with him in the former government, the party's one-time national organizer and a one-time adviser emeritus from the home territory of the hon. member for Winnipeg South Centre. Do the hon. member for Winnipeg South Centre and his colleagues suggest that these venerable and respected followers of the Conservative party

are snooper-lovers as he has suggested in respect of this bill, legislation which follows the Senate committee's recommendation? I wager that when this bill gets to the other place none of these Conservative gentlemen who served on this committee will have a word to say in opposition to these proposals.

The hon. member for Winnipeg South Centre has stated: When we are using the Senate recommendation, the proposals endorsed by the deputy leader of the New Democratic Party, we do so because we do not trust the old age pensioners.

Mr. Churchill: Mr. Speaker, on a point of order, I did not say a word about what the minister has just mentioned.

Mr. MacEachen: Mr. Speaker, at page 11,065 of *Hansard* the hon. member for Winnipeg South Centre is reported as having said:

> He—

Referring to the Minister of National Health and Welfare.

> —obviously does not trust the old age pensioners.

Mr. Churchill: What does that have to do with the report of the committee?

Mr. MacEachen: Mr. Speaker—

Mr. Churchill: On a point of order, I said nothing about the report of the Senate and House of Commons committee. That is what we were talking about.

Mr. MacEachen: I quite agree. I am just saying that the hon. member for Winnipeg South Centre has stated that we do not trust the old age pensioners.

Mr. Churchill: That is right, and I repeat it.

Mr. MacEachen: Of course we do not accept such a view nor the view expressed by the hon. member, for example, for Prince Edward-Lennox who said:

> There will be many instances of unrecorded income . . . people are not dumb; they will not always report everything.

We do not accept that view. We believe that most of the old age pensioners will report their incomes and that the check that will be made in the manner in which it was described yesterday will be effective, will be humane, and will respect the dignity of the Canadian old age pensioner. The purpose of this amendment is to strike out, to reconsider the income test in respect of this legislation. We regard it as an important feature of the legislation and

in putting it in the bill we are taking into account the recommendation of the Senate committee on aging.

The senior member for Halifax talked about the need for checking fraud in cases where it might take place. He suggested that neighbours could be asked to inform on pensioners. Well, Mr. Speaker—

Mr. McCleave: On a question of privilege, Mr. Speaker, I never suggested that neighbours might be asked to check on fraud. I said that under the legislation presented by the minister neighbours would be encouraged to inform in respect of fraud. There is a definite difference between those two points.

Mr. MacEachen: The words of the hon. member, as reported at page 11,270 of *Hansard*, are as follows:

If somebody is going to set out to defraud the taxpayers a check could be made in other ways. Perhaps neighbours would tell on him—

Mr. McCleave: May I ask the minister a question?

Mr. MacEachen: No, Mr. Speaker.

Mr. Deputy Speaker: Order, order.

Mr. MacEachen: Those are the words of the hon. member for Halifax. Mr. Speaker, that really would be snooping; it would establish an underground army of super-duper snoopers. I cannot understand what the great fuss is all about. People are asked to fill out income tax forms accurately and to the best of their ability, and most of them do. Pensioners will be asked to fill out declaration forms to the best of their knowledge and most of them will. Undoubtedly mistakes will appear when declarations are cross-checked and I venture to say that on occasion the correction of these mistakes will work to the benefit of the applicant.

There are no penalties for those who make mistakes. Pensioners who fill out their forms accurately and to the best of their knowledge have nothing to fear. Mr. Speaker, I do not have very much more to say, except that I should like to remind—

Mr. Starr: You have said too much already. You have ruined everything.

Mr. MacEachen: I should like to remind the house of the words spoken by the hon. member for York South, who unfortunately and regrettably is not present to hear my comments. He had some rather pungent comments to make in an earlier debate about public disillusionment with parliament. He traced this cynicism and disillusionment to the callous way in which promises made at election time are disregarded, ignored and betrayed. Maybe that is a source of cynism, but if there is cynicism there are other reasons for it. The hon. member for York South himself suggests there are other reasons. One of them is the wide discrepancy between how members in the opposition talk and how they vote in this House of Commons.

I cannot match the hon. member for York South in making sermonettes in this house or in delivering judgments on mere mortals from his Olympian heights, but I venture to suggest that members do nothing to foster faith in the institution of parliament when they take a totally destructive line in respect of legislation and then turn around and vote for that very same legislation.

I have already put on the record what the hon. member for York South and his colleagues had to say last June about the guaranteed income approach. Now, simply because the hon. member for Winnipeg North Centre refuses to be switched on to mid-twentieth century thinking, they have performed a graceless, mass philosophical flip-flop. The summertime romance has ended in a December divorce court simply because the hon. member for Winnipeg North Centre cannot forget that committee of 1951.

Mr. Knowles: That is right. Its principle still stands.

• (9:30 p.m.)

Mr. MacEachen: He cannot forget it, and he convinced his leader, his deputy leader and the member for Vancouver-Kingsway that what they said in June was incorrect, and they performed a graceless and mass flip-flop in the period from June to December.

I suggest that members of this house who have termed the provisions of this legislation "iniquitous", as did the hon. member for Regina City (Mr. More), "a guaranteed pittance", as did the hon. member for Burnaby-Coquitlam (Mr. Douglas), "petty in mind and petty in heart", as did the hon. member for York South, "guaranteed annual poverty", as did the hon. member for Vancouver-Kingsway, "a sham, a hollow mockery", as did the hon. member for Burnaby-Coquitlam (Mr. Douglas), "inherently wrong", as did the hon. member for Winnipeg North Centre, "wrong and unjust", as did the hon. member for Grey-Bruce, and "a retrograde step", as did the hon. member for Winnipeg North Centre,

should be expected to be prepared to follow through and accept the responsibility of voting against this legislation.

Some hon. Members: Hear, hear.

Mr. MacEachen: Mr. Speaker, this type of behaviour cannot help but erode parliament's image. There is only one word to describe it and that word is "hypocrisy" or if you want a word more in keeping with the season and the tone of the opposition's epithets to me, that word is "humbug".

Hon. gentlemen have raised the "Dickens" in connection with this program and have attempted to give "Scrooge" a new currency. One is tempted to explore this area even further, and, if one does one must conclude that this house is fairly filled with Dickensian characters.

The 'umble and unctious Uriah Heep? He is reincarnated at least several times in the diagonally opposite corner to my right. When considering Mr. Gradgrind of Nicholas Nickleby, ladling out specious knowledge and soupy sustenance to his cringing charges, one does not have to look beyond the front benches of the official opposition to see where and how Mr. Gradgrind lives on. While the possibilities are limitless, I will not develop them further except to say this: one thing about Scrooge, pre-ghost and post-ghost, and he was a very unpleasant person, was that he had one outstanding quality. He was a person of conviction by word and by deed. Perhaps the N.D.P. might learn something from that characteristic.

At the end of my comments let me say that almost every speech made by members of the opposition has contained provocative and destructive statements about this measure with which I cannot agree. Let me remind the hon. member for Oshawa, who spoke earlier—

Mr. Starr: Ontario.

Mr. MacEachen: I was referring to the hon. member for Ontario (Mr. Starr) and I apologize for that mistake. It is my duty to reply to the criticisms which have been made in respect of this bill, but before we vote on the amendment to third reading of the bill let me say that we spent a whole day debating the resolution preceding the bill, four days on second reading and this is the fifth day on committee and third reading. We now have an amendment before us that the bill be sent back to committee for reconsideration. This bill has been considered fully in committee of the whole and its provisions have been studied thoroughly. The very purpose of this amendment has been fulfilled by discussion on amendments already proposed.

Last Friday the hon. member for Ontario suggested that we could complete the committee stage of the bill in half an hour or an hour. All I can say is that up to that time and since criticism has been levelled and every possible amendment has been moved. There could be no benefit from acceptance of this amendment to send the bill back for further study. It is time we came to a decision for the sake of Canada's old age pensioners. The house should know that for every additional day spent on this legislation our old age pensioners must wait another day for income support.

Some hon. Members: Hear, hear.

Mr. Sherman: Mr. Speaker, I should like to ask the minister a question. He referred to the proposal put forward by the hon. member for Winnipeg North Centre regarding the flat-rate increase. I gather from what he said that he feels such an increase would become inequitable for people in the higher income brackets rather than those in the lower income brackets. I am wondering where the inconsistency is between an approach to pensions on this level and an approach to pensions on the basic level. Do not the same mathematics and the same ethics apply to granting a pension on a universal basis on all levels?

• (9:40 p.m.)

Mr. MacEachen: Mr. Speaker, I think the hon. member has made a point. There is a consistency between establishing a floor, which the $75 per month represents, as a matter of universal application, and further income support on the basis of income levels. I do not think they are necessarily inconsistent but I am not arguing that point strongly. I am suggesting that there is a difference in approach in deciding to spend a given sum of money among the whole income spectrum or deciding to weight it in respect of the lower income groups. This is the point I am making. I think they are different approaches.

Hon. E. D. Fulton (Kamloops): Mr. Speaker, it is perhaps fortunate that not very often one finds oneself in the position of having of necessity to discuss a measure of this importance and deal with such a partisan diatribe as the Minister of National Health and Welfare (Mr. MacEachen) has just delivered.

Some hon. Members: Hear, hear.

Mr. Fulton: I say it is fortunate that one does not find oneself in that position of necessity very often, but the minister has placed us in that position tonight because he has given not one argument or answer to the merits of the proposals made on this side of the house or the amendment now before us on third reading. About all the minister has done is pose. Pose, I say, and I say it deliberately. It is a pose that ill befits him as a friend of the old age pensioners, because he is not. He is their enemy.

We hear about the Christmas spirit. In this bill, whether the minister likes it or not—and I know it is not deliberate on the part of the hon. gentleman—he is not serving the best interests of the old age pensioner. We hear a great deal about Scrooge. I think the Minister of National Health and Welfare must have observed well what his colleague the Minister of Finance (Mr. Sharp) said last night. This minister had a good lesson in Scroogeship last night. We hear about other Dickensian characters. We had before us in the speech given by the Minister of National Health and Welfare a perfect illustration of another children's rhyme. I refer to the rhyme about Little Jack Horner. You remember that Little Jack Horner sat in a corner, eating his Christmas pie, and he stuck in his thumb and pulled out a plum and said, "What a good boy am I". And all the good Liberals applauded him as he said, "What a good boy am I". But he pulled out a plum only for this government; he pulled out no plums for the old age pensioners.

The minister spoke a great deal about hyprocrisy. At the conclusion of his speech he accused those on this side of the house of hypocrisy, and he used the word "humbug." He said, "How can those who used these words", which he placed on the record, "to describe this legislation follow a course, if they are sincere, other than to vote against it?" I tell the minister that the word "humbug" ill comes from him and his government who have adopted in connection with this legislation the most hypocritical attitude of any government in the history of Canada.

Some hon. Members: Hear, hear.

Mr. Fulton: We recently passed, against a good deal of opposition and constructive criticism, a measure to implement medicare. With regard to medicare the government clutched to their bosom the principle of universality. These social measures, they said, had to be universally applicable and anyone who opposed the principle of medicare was opposing the best interests of the country. That was the attitude of the minister, who now pretends to be disinterested in this discussion. He looks up to the gallery where sit the officials of the Liberal party who provided him with his partisan speech.

The attitude of the minister with regard to medicare was that everything must be universal. This is the minister who repudiates that principle when he brings in a measure which he says is designed to assist the old age pensioners of Canada. Now it must be carefully selective, and selective on the basis of snooping. The minister's officials will determine who is qualified to receive this benefit. We are going to be selective on the basis of the government's say-so. If there was ever an example of hypocrisy, it was revealed in the reversal of this government from their stand on medicare to their stand on the old age pension legislation. It is a complete and typical illustration of hypocrisy.

I say to the minister that we are not going to be frightened by his ranting and roaring. We shall vote on the amendment to third reading moved by the hon. member for Winnipeg North Centre (Mr. Knowles)—

Mr. Nielsen: Next week.

Mr. Fulton: —next week, or whenever it comes up for a vote. We will take our stand on it. We are not afraid to take our stand. We are not going to be bamboozled by this loudmouthed minister.

Some hon. Members: Hear, hear.

Mr. Fulton: We shall also take our stand on the vote on third reading. Little Jack Horner may have put in his thumb and pulled out a plum for himself, but he has pulled out a very small plum for the old people of Canada. They will understand perfectly well that after fighting as best we can to get this wretched bill improved, and having all our amendments rejected by the minister, it remains almost as bad a measure as it was when he first introduced it. But it still gives the old people a small plum, a plum which the government is trying to make a big plum for itself, and we would rather see the old people of Canada get a small plum than nothing at all. That is about all they are going to get—small plums from this government. There is no inconsistency, shame or hypocrisy on our part in voting reluctantly on third reading for this inadequate, pitiful, miserable measure in order that whatever may be derived in benefit therefrom may be secured for the old people

of Canada. That does not prevent our criticizing and exposing the weakness and hypocrisy of the government's stand.

The minister opened his remarks tonight with some extraordinary words. He said that on third reading the house stands eyeball to eyeball with the bill. They are rather odd words for a minister introducing a pet project. It reminds me of nothing more than a myopic individual who cannot see the print that is before him because he has left off his spectacles. So the minister stands eyeball to eyeball with his bill, the victim of the dictates of the Minister of Finance and the reactionary wing of the Liberal cabinet, and because he cannot see the weaknesses of his bill he keeps it close to his face and defends it. Eyeball to eyeball, indeed. The minister does not dare stand eyeball to eyeball with the old age pensioners of Canada.

The minister describes the criticism of the bill, in language of personal affront, as having been hand-wringing and haranguing. Seldom have I listened to more roaring and ranting than was indulged in by the Minister of National Health and Welfare this evening. He read us some letters.

Mr. MacEachen: One letter.

Mr. Fulton: He read a carefully selected expression from one letter he has received.

Mr. Churchill: He wrote it himself.

Mr. Fulton: In that letter appeared the phrase that this is the only legislation where "the poor gets more and the rich gets nothing." The minister said that is a characteristic description of this legislation. What about last night's budget? Are the poor getting more and the rich getting nothing? Who is going to pay the one per cent increase in sales tax? The minister, with tears in his eyes, tells us he is trying to help the old age pensioner. The person who has nothing but his old age pension to live on will have to pay. What about the 2 per cent increase in the cost of living because of the budget introduced last night by the minister's colleague? What about that for hypocrisy? The poor will not only have to pay the cost of this proposal but they will be subject to the greatest extension of snooping by super-duper snoopers in the history of this country. Their affairs will be pried into; their confidential returns will be exposed to the gaze of the Minister of National Health and Welfare, and possibly to the courts in the course of prosecution.

[Mr. Fulton.]

• (9:50 p.m.)

What about the number of questions in connection with the legislation to which answers have not been provided? What about old age pensioners in the province of Quebec? Not once have we had an answer from the government on that very important question. We still have some time left on third reading and I hope that the Minister of National Health and Welfare will direct his attention to some of the real problems in connection with the legislation instead of skirting around the edges as he has done in the debate so far, because these are not hypothetical questions.

I now address my remarks to the Minister of Labour (Mr. Nicholson), the Minister of Transport (Mr. Pickersgill) and the Minister of National Defence (Mr. Hellyer) because the Minister of National Health and Welfare could not be less interested in the discussion of his own bill.

What about the position of the old age pensioner who is a taxpayer in Quebec? Notice was served upon us that the government of Quebec intends to take over the administration of the old age pension system in that province. Let me ask the Minister of Labour, who is a responsible and serious-minded minister although his colleague the Minister of National Health and Welfare is not, what will be the position of the taxpayer in Quebec when the government moves into the field of old age pensions because a tax measure was imposed by the Minister of Finance of Canada?

Has the government addressed its mind to this question? The Minister of Labour is silent, which shows that obviously it has not. The Minister of Transport is silent and so are the Ministers of National Defence and of Indian Affairs and Northern Development. Not one of these great wizards opposite has thought about the implications of the measure which they are presenting to the House of Commons. Will they give us an answer? Their silence is an eloquent tribute to the lack of thought on the part of the government.

What about a bill which penalizes the principle of thrift? The Minister of National Health and Welfare talks glibly about a guaranteed income program, but what does it mean? Has he defined it? Has he said anything which will convince us otherwise than that it may mean in many cases a concession to mediocrity because it penalizes thrift?

There are many people in need of a guaranteed and stabilized income, but why should those who have observed the principles of

thrift, of self-reliance and of storing for a rainy day be penalized and deprived of this increase while many who took no such precaution and paid no attention to these principles which the minister espouses by lip service will benefit? Why should those who in days gone by followed the time-honoured injunction of laying up a store for themselves be penalized?

In the measure that is before us on third reading and in the speech which the minister made to the house tonight we find complete and absolute support of the statements made by Mr. Peter Newman, a friend of the Liberal government. In today's Toronto *Star* there appears an analysis of last night's budget speech. Mr. Newman has frequently exposed the cynicism of this government, a cynicism exemplified in the attitude of the Minister of National Health and Welfare, a minister who talks about cynicism displayed by the difference in attitude of people who talk one way and vote another.

What about the cynicism exemplified in the conduct of this government which promised medicare by July 1, 1967 and then turned around and said, "You will not have it until July 1, 1968"? What about the cynicism of the Minister of National Health and Welfare who, above all others, identified himself with the program of medicare to be put into effect on July 1, 1967 and then supinely stood up and supported the proposition that we could not have it until July 1, 1968? What about the cynicism of the government which, having decided to postpone medicare until 1968, then brought the measure before the house in advance of the old age pension legislation and now has the hypocrisy to say, "If you talk about old age pensions at this stage you will be depriving the old people of Canada of their much needed benefits"? Who deprived them of those benefits? It is the government who put the medicare plan which it decided would not be effective until 1968 ahead of old age pensions and then had the effrontery to try to bluff and blackmail parliament by saying, "If you do not pass medicare tonight you will be the ones who will be denying the old people their much-needed assistance".

In this attitude we can see exemplified perfectly that which Mr. Newman said about the budget last night. I have here some choice quotations illustrating the victory of the right wing reactionary section of the Liberal cabinet, the cabinet which refuses to answer any questions regarding the implications of this pensions bill. Here is what Mr. Newman said as reported in today's Toronto *Star*:

> The message was unmistakable: Under Mr. Sharp's stewardship, there will be no more social welfare benefits, unless they're directly tied into an equivalent tax increase. This will be true, whether or not the government actually needs the extra revenues.

What does the Minister of National Health and Welfare say to that? Little Jack Horner is so pleased with himself that all he does is congratulate himself on his own speech.

Then Mr. Newman goes on to say:

> After a decade of carefree spending, this amounts to a brand new budgeting approach. It casts the tone of government finances back to the pre-election budget of 1957, when Walter Harris, the then finance minister had a budgetary surplus of $258 million, but for what he considered to be sound economic reasons, paid out only $100 million in additional welfare payments.

We used to talk about "six buck Harris". Now we apparently have "thirty buck needs test MacEachen".

Mr. Newman goes on to say:

> In his budget, Mitchell Sharp moves even further toward fiscal orthodoxy, by pegging not only the amount but the exact timing of the new benefits to the collection of the new taxes.

We understand that the increase in pension cheques will not be effective until March or possibly April of next year. Might one not ask the following question? Why then do we need a budget harming the very old age pensioners whom we are supposed to benefit on January 1st of this year? Why should they be paying extra taxes for three months before they get any benefits? Can the minister answer that? Can the Minister of Indian Affairs and Northern Development answer that question? Can the Minister of National Defence answer that, or is he supremely indifferent? Can either the Minister of Transport or the Minister of Labour answer that? I also see the Solicitor General, the Minister of Industry and the Minister of National Health and Welfare. They are all here but none of them is sufficiently interested to answer the very important question of why old age pensioners who will not receive any benefits until March or April should start paying the taxes in January of next year.

This is an example of the solicitude of this government for the old age pensioners whom they are supposed to be helping. We have not heard from them one word of explanation. Again their silence gives assent to the criticism that is made.

I will give another quotation from Mr. Newman's analysis of the Sharp budget.

There are one or two other passages which I think should be placed on the record because they are very appropriate in this context. He wrote:

> Not the least of this budget's many implications is that wage earners can expect a sharp boost in their tax liabilities when the government's medicare scheme goes into operation, 19 months from now.

So the principle is pretty clearly established. It does not matter what the increase in the gross national product is and the increase in the revenues of the government resulting from the increase in the gross national product. It does not matter about that. The old people of this country, those who need the benefit of increased social security payments, are going to have to pay every last dollar it costs. This is a government which says that it is going to soak the rich to pay the poor—a government that increases sales tax by 1 per cent.

• (10:00 p.m.)

Again, Mr. Newman says:

> This deliberately grey, neutral budget confirms the fact that the Pearson government has completed its cycle of welfare legislation, and that from now on the administration's legislative initiatives will be in other directions. It may have been this realization which has reportedly pushed Walter Gordon, Mr. Sharp's predecessor, to take the final step and sever his last remaining ties with the Liberal party.

More significant and more dramatic for the Minister of National Health and Welfare is this concluding paragraph:

> But the Sharp budget, as it stands, confirms a drastic alteration in the style of the Pearson government. The period of progressive experimentation has ended, and the era of meticulous orthodoxy has begun.

What an interesting and sorry conversion we have seen over the past two or three weeks while this house has been discussing welfare measures. On the one hand, we have seen the spectacle of the reluctant but complete conversion of the Minister of National Health and Welfare from a rather attractive era within which he experimented, within which he wedded himself to forward-looking and progressive policies and identified himself with the needs and interests of those who need help, to the tame, lame and partisan recital of the financial orthodoxy dictated by the Minister of Finance on the other hand.

In this house, sir, perhaps we may have some sympathy for the Minister of National Health and Welfare. As members of parliament we can understand the pressures which have been brought to bear upon him. But as members of parliament concerned about the welfare of Canadians, particularly older Canadians who need help, as members of parliament concerned with the maintenance of the principle of self-reliance and self-sufficiency, and as members of parliament concerned to oppose measures which will penalize those who have subscribed to those principles, we can have nothing but condemnation for the retrogressive and backward step taken by this minister under pressure from his cabinet colleagues.

As members of parliament concerned about the general economic climate and the welfare of Canadians, we can also have nothing but condemnation for a government which so cynically reverses itself. Here I refer once more to the minister's criticism of the hon. member for York South. This is a government which promised universality, which pledged and wedded itself to this principle in connection with medicare on the one hand, but which reverses itself and adheres to careful selectivity determined by departmental officials in connection with old age pensions on the other hand.

How dare this government and this spokesman criticize anybody for hypocrisy when the government made such a complete reversal itself. This is a government which pledged itself to introduce a far-reaching social welfare measure by July 1, 1967 but which reverses itself and said it will not come into effect until July 1, 1968. How dare this government have such effrontery to criticize anybody in this house and allege hypocrisy. How dare the minister, speaking on behalf of a government that has played so fast and loose with every principle of sincerity, which has made the most far-reaching and extravagant election promises but fallen so far short of their implementation, criticize anyone in this parliament for the exposure of the weaknesses of this bill.

These are the questions in the minds of members on this side of the house, Mr. Speaker, as they examine the details of this legislation. What has the minister said? Having tried our level best to improve this legislation, being rebuffed on almost every occasion by the government majority, now faced with a bad bill but admittedly a bill that does a little something, he now accuses us of hypocrisy if we do not vote against the bill.

The minister shakes his head now, but carried away by his own eloquence and pomposity that is what he did say. This is typical of

the whole sorry, shameful and shoddy performance of this government in connection with this bill as well as the other social welfare measures it has brought before the house.

What is the reaction of the people in this country, Mr. Speaker? I bring as witness a paper from the minister's own province, the Halifax *Chronicle-Herald* which carried an article about this bill the heading of which is "Many Pensioners To Pay Income Tax For First Time".

Some hon. Members: Shame.

Mr. Fulton: Does the minister deny that that is the effect of his own legislation?

Mr. MacEachen: I do not deny it because one of the effects of the legislation is to bring people into the class in which they do pay income tax.

Mr. Fulton: In other words, you give with the one hand and take away with the other.

Mr. Crouse: Ebenezer exposed.

Mr. Fulton: My colleague has characterized the minister better than I can, but I still think he is a little Jack Horner sitting in a corner, putting in his thumb and pulling out a plum for the government. That is my primary concern.

This is the article carried by the *Chronicle-Herald* for December 20:

> The introduction of a supplementary $30 a month in the old age pension for recipients on limited income will push many thousands of pensioners into the income tax paying bracket for the first time.

Again:

> But persons of 68 and 69 years who receive the maximum pension next year will be required to pay taxes.

These are facts the pensioners should know about.

> In the case of the average single taxpayer with no other source of earned income the levy will be on $160, after allowing for the standard $1,000 exemption plus $100 for medical expenses.
>
> For maried couples who are both in the 68-69 age group, and with no other source of earned income the levy will be on $420, after allowing for $2,000 exemption plus the $100 for medical expenses.

So we see, sir, the kind of effect that this government's so-called generosity toward the old age pensioners is going to have upon those whom they allege they are trying to help.

One could go on to expose the weakness of the legislation, but I think it has been sufficiently analysed in the debate in committee. The analysis we have had of the bill there, plus the example of the minister's speech on third reading tonight, has in my view been enough to convince this house and the country that it is a bad bill, that there is nothing to be said for it except that it is partisan hypocrisy on the part of the minister. No amount of bluffing on his part will persuade us to alter our position on the amendment moved by the hon. member for Winnipeg North Centre. Reluctantly, when that is disposed of and the minister's dictatorial attitude is finally forced upon the house, we shall have no alternative but to vote for the bill. This is not because it is a good measure but because little Jack Horner has given the old age pensioners a small plum, a small and mean Christmas fare. Nevertheless it is a contribution, small and mean though it is, of which it would ill behoove us to deprive the old people of Canada who desperately need not just this but a little more besides.

Mr. Nicholson: May I ask the hon. gentleman a question and a supplementary question? First of all, has the hon. member for Kamloops read the new section 7 set out in the bill as part of clause 3? If he has read that clause, does he not agree that the guaranteed income payments become effective on January 1, 1967, not in March, 1967 as he suggested earlier?

• (10:10 p.m.)

Mr. Fulton: I did not say a word about a guaranteed income. My remarks had to do with the cheques which would reflect the increase in pensions. Is the Minister of Labour telling us that the cheques reflecting the increase will go out on January 1?

Mr. Nicholson: No, but I understand that payments will be retroactive to January 1. I say this in view of the earlier observation by the hon. member that there should not be legislation to collect taxes on January 1 when the cheques will not be paid until March 1.

Mr. Fulton: Why should a tax be placed in advance on the very old age pensioners who will benefit from it? What is the justification?

Mr. Nicholson: It is easy to answer that question. The payment will be retroactive to January 1.

Mr. Fulton: Let us be clear about this. This is the first time it is clear.

An hon. Member: It is in the bill.

Mr. Fulton: Is the minister telling us something the Minister of National Health and Welfare would not tell us? I am asking for an interpretation. Will the payments be made on January 1?

Mr. Nicholson: The minister is telling you that payments will be made as provided under new section 7 in the bill, and I do not think you need to be a lawyer to interpret that provision.

Mr. Fulton: This obviously means that the increases will not be received until March or April but the recipients will be taxed on January 1.

Mr. Chrétien: Is the hon. member serious when he says that the government will give with one hand and take with the other, when the sales tax increase is one per cent and an old age pensioner will receive $360 a year more and in order to pay that back to the government, with the new one per cent sales tax, will be obliged to spend $36,000?

Mr. Fulton: My point is this. We believe that those who need help should not be taxed in order to pay for that help. If hon. members opposite were sincere in their applause of the statement of the Minister of Finance last night and of the Minister of National Health and Welfare this evening when he said, cynically and hypocritically, that this is the only measure from which the poor will get more and the rich wil get nothing, why do they tax the poor by imposing a tax on the articles which the aged people will have to buy? And what will the hon. member do about the people of his province of Quebec when they are subjected to double taxation?

Mr. Chrétien: The hon. member is supposed to know that it is not possible to do things in that way.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, it seems to me it is an exercise in futility for the two hon. members who are indulging in this exchange to try to convince each other. They have made up their minds and are not listening any more. They do not want to be confused with the facts.

We in this party are keenly interested in getting the increase to the senior citizens of this country as quickly as possible and I suggest that the most expeditious way of doing so is by voting against the amendment and for third reading of the bill and doing it soon.

Some hon. Members: Hear, hear.

[Mr. Fulton.]

Mr. Olson: I am really surprised that the hon. member for Winnipeg North Centre (Mr. Knowles) should move an amendment of this kind at the present stage.

An hon. Member: Pure hypocrisy.

Mr. Olson: We know that over the years he has tried to create an image of himself as the champion of the senior citizens whether they are recipients of old age security benefits or the recipients of civil service pensions.

Mr. Byrne: As long as they have a vote.

Mr. Olson: He is also one of the most experienced and knowledgeable members of the house with regard to the rules of procedure. Of all members, with the possible exception of the Minister of Transport (Mr. Pickersgill), he ought to know that the effect of passing the amendment which he has proposed would be to kill the bill. He knows this.

Some hon. Members: Hear, hear.

Mr. Olson: He knows it perfectly well, but he cannot desist.

Mr. Knowles: Does the hon. member not know from his own experience of procedure that there is a difference between an amendment of this kind on second reading and an amendment of this kind on third reading? He is applying a second reading argument to a third reading situation.

Mr. Olson: The hon. member for Winnipeg North Centre knows very well that the effect of carrying the amendment he has proposed would be to refer the bill back to the committee of the whole, the committee which considered it after second reading. He also knows very well that in committee of the whole he or any other member on this side of the house is prevented from moving the kind of amendment he has put forward. Nevertheless, as I was about to say, neither he nor the other members of his party can resist the temptation to try to make a little political hay at the expense of the old age pensioners even though they know very well that what they are asking cannot be done by them.

Let me give an illustration which will add more weight to what I am saying. The hon. member for Winnipeg North Centre tried to move an amendment in committee of the whole, the committee to which he now wishes to have this bill referred. As reported on page 11255 of *Hansard* he said:

Therefore, in order to give the minister an opportunity once again to consider removing the test

and making this $30 increase an across the board improvement in the pension, I move:

"That clause 3 of Bill C-251 be amended by deleting from subsection 1 of the new section 8 being enacted thereby, the words "minus one dollar for each two full dollars of his monthly base income, being one-twelfth of his income for the preceding year", as found in lines 1, 2, and 3 on page 3 of the bill.

Then he used these words:

So as to be clear, if this amendment is accepted it would remove the test and make the $30 increase in 1967, and the 40 per cent of whatever the basic pension is after that, across the board without the kind of means test or income test that is presently in the bill.

That is exactly what he is seeking to do in the amendment before us. He knows very well what the result was. If we turn to page 11256 we find that the Chairman ruled the amendment out of order. If he was ruled out of order in committee of the whole when he tried to do this previously, then surely if we are to be consistent in our rules he would be ruled out of order again. As recorded at page 11256 of *Hansard* for December 16, the Chairman, after listening to argument as to the propriety of the amendment, gave his ruling as follows:

• (10:20 p.m.)

The amendment moved by the hon. member for Winnipeg North Centre reads as follows—

I shall not take the trouble to read the amendment again. The Chairman continued:

This amendment too has received the careful attention of the Chairman, and it is the opinion of the Chair that if the amendment were adopted it would have some very far-reaching effects. Indeed, one of the effects of this amendment would be to repeal the latter part of the resolution adopted by the house on December 5. It would eliminate the supplementary nature of the payments envisaged by the bill, and would substitute therefor a fixed and certain payment of 40 per cent of this pension payable to recipients under the Old Age Security Act.

The Chairman went on to explain the other reasons why the amendment was out of order, and then he said:

I recognize that this is the third amendment moved by the hon. member for Winnipeg North Centre, and I regret that on this particular occasion I will have to spoil his batting average by declaring the amendment out of order.

How can the hon. member for Winnipeg North Centre come before the house now and expect hon. members to believe that he has any better chance of having this amendment accepted if the bill is now referred back to the committee than he had on December 16 when he tried to move the other amendment? He knows this is nothing more nor less than a waste of time.

Mr. Knowles: Would the hon. member permit a question?

Mr. Olson: Certainly.

Mr. Knowles: Does he not think it would have some bearing on the situation if a majority of the house voted for this amendment? Would that not give a guide line to the committee, to which it would have to pay some attention, if he would only vote with us?

Mr. Olson: Mr. Speaker, the hon. member knows better than I do that there is only one person who is competent to move an amendment which involves an additional charge on the treasury, and that is a member of the treasury board or of the cabinet. The hon. member has heard the minister explain that he is not prepared to accept that kind of amendment. Therefore, Mr. Speaker, it is a great waste of time. It represents the kind of political tactics we have seen in the house from time to time where some members are not interested in reaching a practical solution and finding some way of doing something effective. All they are interested in is holding up, invoking all the rules of procedure and wasting time hoping they will gain some kind of political advantage. I think it is wrong to use the senior citizens of this country as a political football.

Some hon. Members: Hear, hear.

Mr. Olson: Mr. Speaker, I simply want to repeat what I said at the outset. The mover and all other members on this side of the house who intend to vote for this amendment know very well that the effect of doing so is not going to add one iota to the benefit of the old age pensioners. It is going to waste time, and I suggest that they set this political boxing aside for the time being and get on as rapidly as possible to do something positive and effective for the senior citizens of our country.

Some hon. Members: Hear, hear.

Mr. Robert McCleave (Halifax): Mr. Speaker, tonight we have added a new phrase to the English language. We have had Santa's little helper and now, thanks to the hon. member for Medicine Hat (Mr. Olson), we have Scrooge's little helper because he, sir, is trying to exculpate the Minister of National Health

and Welfare (Mr. MacEachen) from a purely—I have used the word "purely" but I prefer to withdraw it and substitute "impurely"—political speech that he made earlier this evening. I would like to place on the record the fact that not one member of the cabinet on the front benches on the other side applauded the speech of the minister while he was trying his best to talk out this measure tonight. I suppose any hon. member could call it ten o'clock but I do not intend to do so. I simply want to throw back at the minister all the mistakes he has made in trying to bring this measure before us for third and final reading.

He has tried to twist any word of criticism that has been uttered against this measure, and there have been many. There has been criticism of snooperism, criticism of bureaucratism, criticism of the easy way out by a government that fears that somehow, somewhere, some person of 70 years of age is going to take $2.20 out of the treasury of Canada to which he is not entitled. That person is to have the whole establishment of government come down on him. He is to have the R.C.M.P. march upon him, he is to have the Department of National Revenue march upon him, he is to have the Department of National Health and Welfare march upon him, and he may be subjected to any type of malicious letter, signed or not, which can be brought against him. None the less, witting or unwittingly—and I would not like to think a fellow Nova Scotian would take an unwitting approach in a case like this—this is exactly what will happen.

We in the opposition are castigated and categorized because we simply want to bring some small element of common sense into the supplement to old age benefits. The minister has been given a chance to be one of two Scrooges. He can be the Scrooge that was or the Scrooge that would be, and our society has not dealt very kindly with the Scrooge that would be.

We have taken the abject, loathsome figure, hard on his employees, hard on society in general, and depicted that figure as the Scrooge. Yet there was the latter Scrooge, the one who was motivated by Christian kindness, by the spirit of Christmas, who wanted to do something better for his employee and for the world around him. This is the chance we have given the minister from the word go on this particular bill. But in response to our rather kindly offer of metamorphosis he has chosen to take the speeches made by those in the official opposition and in the N.D.P. and has twisted them and attacked them, as he did earlier with respect to my efforts, the efforts of the hon. member for Winnipeg North Centre (Mr. Knowles) and others. This, sir, is no way to accomplish legislation on behalf of the old age pensioners of Canada.

We have gone through Bill C-251 clause by clause and have tried to make it a little less harsh, a little more humanitarian and understanding. Our purpose on this side, once we got past the great battle of a means test or no means test, was simply to make the legislation work to the benefit of the aged. I do not think anybody should really quarrel with that, no more than anybody should quarrel with what the minister originally started out to do before he began to play partisan politics.

• (10:30 p.m.)

We have been met with ridicule and abuse from the other side. That surely is not justified. We are not here, if I can turn a phrase back on myself, as Scrooge-like people. We are here to do our duty for the constituents whom I, the Minister of National Health and Welfare and other members in the house represent. Surely it is uncalled for for the minister to ascribe motives to the hon. member for Winnipeg South Centre (Mr. Churchill) or to other members of the official opposition, to members of the unofficial opposition or to those few members in the corner who rarely are heard except to sing out praises for the government. We have taken the attitude that surely nothing should require the great resources of government to be used against the simple resources of the individual citizen of Canada.

What is wrong with that approach? If we are going to haul somebody into court and say to him that somehow he has received a couple of miserable dollars out of the treasury of Canada more than he is entitled to, why should we throw the whole of the weight of a government department against that lone individual? We have made a partial correction in respect of income tax returns. Why should we use the full weight of the state, why should we use the police and other people, including the minister's 500 or so permanent new additions to his staff and whatever others he may add?

An hon. Member: Investigators.

Mr. McCleave: Yes, investigators. Why should we place the crushing weight of all these people against somebody who probably quite innocently has managed to get two or three dollars or $36 or $40 extra a year out of

the Dominion of Canada? Yet that is what the minister in his zeal, in his endeavour to push his legislation through, has in mind. We are asked to use the whole strength of society, the stringent means of the police and the bureaucratic establishment against people such as these.

I believe we are making a reasonable plea to the Minister of National Health and Welfare and the government. In fairness I must say that some of our pleas have been met but others have not been. We make the plea that the minister try to ameliorate the legislation in some small way so that receiving the old age pension supplement will not be a disgrace to the citizen and so that it will not put him in the position where he must crawl. He should not be placed in the position that if he has received a penny more than he is entitled to some fearsome apparatus will descend on him and squeeze him like people in the middle ages were squeezed in iron maidens and the like.

We have simply endeavoured to bring some element of common sense to the situation. I think we have tried to say that government is big enough in Canada today and that if some citizen somewhere has figured out some way to get a few dollars more, that person is entitled to it. To bring into play the whole impact and intent of this legislation is, as I said earlier in the debate, similar to using nuclear bombs to crush mosquitoes.

Until tonight I think the Minister of National Health and Welfare did very well, but when he made that fierce speech directed partly to the official opposition and partly to the New Democratic Party I think he was preaching for a call. Heaven only knows where he thought he was being called to.

An hon. Member: He is not going to get there.

Mr. McCleave: He is not going to get there tonight, as someone has kindly pointed out. The fact is that the front bench, the Minister of Public Works (Mr. McIlraith), the Minister of Transport (Mr. Pickersgill), the Minister of National Defence (Mr. Hellyer), and a few other ministers here when the Minister of National Health and Welfare was preaching for a call, refused to respond to the siren song of a man who was going nowhere with his speech.

I suggest that we have gone through a great deal of debate in this house to provide these old age pension supplements. I say that we have settled the main issue, that is, whether it should or should not be on the basis of a means test. Admittedly, the hon. member for Winnipeg North Centre has his amendment before the house. I for one intend to vote for it because I believe in what has been said during these days of debate. We do not need partisan speeches. If I am giving one, and I am sure I am, then I am doing so because the Minister of National Health and Welfare provoked me to the point where I felt I should rise to my feet. Otherwise I would have remained silent. That is a courtesy which we Nova Scotians owe each other. Once having disposed of this issue, then let us get on, pass the measure and do what we can to help the old age security pensioners.

Some hon. Members: Hear, hear.

Mr. McCleave: Aware as I am that this amendment will go down to defeat, I know that the bill will pass with the amendment made and that this legislation will come back to haunt all parliamentarians. There are people in this country who simply cannot understand what we have been up to for the last couple of days. When it is their turn to receive these benefits, when they realize the mill they will have to go through in order to receive these benefits, when they realize that when they fill in these forms people will descend upon them and say that they are not entitled to this or that, when they see the police descend upon them, then they are going to vent their wrath upon this parliament, and it will be a justified wrath.

• (10:40 p.m.)

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, the hon. member for Medicine Hat (Mr. Olson) is quite capable of making an eloquent and constructive contribution to the debates of this house when he is talking about something on which he is knowledgeable and, indeed, I thought he was doing that this afternoon during the debate on the transport bill. However, the hon. member does from time to time lapse into a narrow procedural argument in an attempt to justify the unjustifiable. At such times he becomes less eloquent and less logical with every word he utters.

Some hon. Members: Hear, hear.

Mr. Barnett: Since he has raised this narrow procedural question in reference to the amendment moved earlier by the hon. member for Winnipeg North Centre (Mr. Knowles), one should take a moment or two to deal with the matter.

The hon. member was obviously confusing the amendment before us with an amendment during second reading stage of a bill. Apparently he forgot we are now at the third reading stage, or he does not realize there is a difference between a vote in the committee of the whole and a vote in this house. I do not profess to be a procedural expert, but I have been around long enough to understand perfectly well what the purpose of this amendment is. I have listened to the hon. member for Medicine Hat at times when I thought he did know something about the rules, and I am sure he understands perfectly well the purpose of this amendment.

Mr. Olson: Would the hon. member permit a question? Can he tell us whether he understands perfectly well what the effect of this amendment will be?

Mr. Barnett: That is exactly the point I had in mind. The effect of the passage of this amendment, and perhaps it would pass if the hon. member for Medicine Hat would vote for it, would be to force the government when we return to committee of the whole to take some action in accordance with the terms of the amendment.

Mr. Olson: Has that ever happened in this house?

Mr. Barnett: Perhaps not, but it could happen a first time, and it would be more likely to happen during this parliament that any other of which I have been a member. In falling back on this narrow procedural argument the hon. member for Medicine Hat and his colleagues are passing up a great opportunity to do a real service to the senior citizens of Canada. The passage of this amendment would place before the government a clear choice. Either get off the treasury benches and let someone occupy them who can bring in good legislation or vote for the amendment, go back into committee of the whole and immediately bring in a proper amendment to the bill according to the wish expressed by this house.

The proposition put forward by the hon. member for Winnipeg North Centre is simple and clearcut, and I am sure the Minister of Transport (Mr. Pickersgill) understands it even though the hon. member for Medicine Hat may not. I really do not want to take up too much time in respect to the procedural argument because I think what is involved in the substance of the amendment is much more important.

In reference to what the government has proposed let me say that I felt that the minister's speech was one of the most pitiful spectacles I have seen in this house. The minister, understandably goaded by some of the discussion which took place in the committee, admittedly fairly extensive, made a reply during the third reading stage in respect of the amendment now before us. As he continued he slowely fired his own imagination with his own eloquence. He must have sensed that his colleagues sitting behind him needed some kind of lift as a result of the statement made by the Minister of Finance (Mr. Sharp) last night. In response to the urge to create an element of enthusiasm within his own party he went on and on and referred to remarks by the hon. members for Burnaby-Coquitlam (Mr. Douglas) and York South (Mr. Lewis) in another debate in an attempt to suggest there were inconsistencies between those remarks and the proposition put forward by the hon. member for Winnipeg North Centre in this amendment.

When the minister came to the conclusion of his statement we heard a round of applause from backbenchers on the government side such as we have not heard for a long time. When the applause subsided the minister was reduced to the confusion of a trembling jellyfish by one question. If I recall correctly the question was posed by the hon. member for Winnipeg South (Mr. Sherman). That hon. member suggested that as the minister's speech progressed it had become more and more apparent there was an inconsistency in his argument. His question was whether the minister by arguing in the way he did was introducing legislation to abolish the present $75 old age security pension. That was the only logic to the minister's speech.

Far from accusing the hon. member for Winnipeg North Centre of being inconsistent and not being able to get beyond the ideas of the 1951 committee, the minister ought to take a quick look at the logic of his own point of view. Perhaps one of these days we will reach a stage of development in this country through technology and technocracy where we can have a guaranteed basic income for all citizens of our community which will make irrelevant questions regarding basic and minimum levels of income for senior citizens. That time has not arrived, and probably it will not arrive with the kind of government we now have.

• (10:50 p.m.)

It is complete and utter nonsense for the Minister of National Health and Welfare to

stand up in this house and suggest that the statement made by the leader of my party regarding the bill now before us has no basis in foundation or logic. If the minister wishes to follow the concept of old age security on a universal basis without a means test as established by the committee in 1951, let him stand up in this house and say so. Let him not waffle arund with the meagre provisions of the bill he has brought in.

As to the amendment proposed by the hon. member for Winnipeg North Centre, it should be apparent not only from its terms but from what the hon. member said when introducing it that this is the central issue on which he is seeking to focus the attention of the house at this time. We all know that the substance of this amendment if carried would in effect increase the universal old age pension, without a means test, from $75 a month to $105 a month.

Mr. Langlois (Chicoutimi): Where would you get the $100 million more?

Mr. Barnett: We can argue about what is an appropriate level but the fact that the amendment has been proposed from this quarter of the house indicates that we believe this would be an appropriate level. If the minister wants to think we are turning and twisting in this respect, I suggest that he look at his own face in the mirror and decide who is doing that, because we are standing foursquare behind the amendment and the basic concept now in the Old Age Security Act.

We say that this basic concept should be maintained and enhanced because it is necessary in this country in the foreseeable future. This is the issue involved in the amendment. This is why we are asking support from hon. members in all parts of the house. The house by its vote can give clear instruction to the government on its desires and wishes. We would expect that even this government would then act upon the clearcut view expressed by parliament assembled, as we now are, with the Speaker in the chair.

One can brush aside the specious and narrow procedural argument advanced by the hon. member for Medicine Hat (Mr. Olson). If the members of his party are interested in the welfare of the older people of this country, as he said they were, they would support this amendment. I am sure the hon. member for Medicine Hat would agree with me. I have cleared up the procedural misconception that he obviously had when he spoke earlier.

Some hon. Members: Question.

Mr. Deputy Speaker: Order. If it is the wish of the house, I am prepared to make a ruling on the admissibility of the amendment moved by the hon. member for Winnipeg North Centre.

Some hon. Members: Agreed.

Mr. Deputy Speaker: On the motion that Bill No. C-251 be now read a third time, the hon. member for Winnipeg North Centre moved:

> That Bill C-251 be not now read a third time, but that it be referred back to the committee of the whole house for the purpose of reconsidering the income test provided in clause 3 thereof.

In considering amendments to a bill on third reading three considerations at least must be taken into account. First, does the amendment offend against the resolution preceding the money bill? Second, does the amendment contradict the principle agreed to when the bill was adopted on second reading? Third, does the amendment include matters that are not contained within the bill itself?

There can be no doubt about the intent of the amendment now before the house. If it were to have any real and practical effect it would indeed offend against the resolution which preceded the bill, it would be contrary to the principle adopted on second reading, and it would introduce a matter different from that contained in the bill. But the Chair is concerned too about the wording of the amendment. First, the amendment recommits the bill to the committee of the whole. It is not out of order to recommit a bill. May I read citation 415 of Beauchesne's Parliamentary Rules and Forms, fourth edition, paragraph (2), page 287:

> Bills may be recommitted a number of times with or without limitation;—

Having considered the fact that a bill may be recommitted. I would say to the house that, whatever the intent of the amendment may be, the purpose as expressed in the amendment is to "reconsider" the income test provided in clause 3. To reconsider a bill in committee of the whole may not be out of order under certain circumstances, although in this particular case I would have very grave doubts that any practical change could result from such reconsideration.

However, in view of the wording of the amendment and having weighed in my own mind both sides of the question, I propose to rule the amendment in order, and I do so now.

Division

Mr. Knowles: Question.

Mr. Deputy Speaker: Is the house ready for the question?

Some hon. Members: Question.

The house divided on the amendment (Mr. Knowles), which was negatived on the following division:

• (11:00 p.m.)

YEAS

Messrs:

Aiken
Alkenbrack
Allard
Barnett
Bell (Saint John-Albert)
Bower
Cameron (Nanaimo-Cowichan-The Islands)
Churchill
Clancy
Crouse
Dionne
Enns
Fane
Fawcett
Forrestall
Fulton
Gilbert
Godin
Grafftey
Grills
Gundlock
Knowles
Lambert
Laprise
Latulippe
Lewis
MacInnis (Mrs.) (Vancouver-Kingsway)
MacLean (Queens)
McKinley
Madill
Mather
Monteith
Nesbitt
Nielsen
Orlikow
Pascoe
Peters
Prittie
Rapp
Régimbal
Ricard
Rynard
Saltsman
Schreyer
Scott (Victoria (Ont.))
Smith
Starr
Webb—48.

NAYS

Messrs:

Addison
Asselin (Richmond-Wolfe)
Basford
Batten
Béchard
Beer
Berger
Blouin
Boulanger
Byrne
Cadieux (Terrebonne)
Cantin
Chatwood
Choquette
Chrétien
Clermont
Comtois
Côté (Longueuil)
Crossman
Davis
Drury
Duquet
Faulkner
Forest
Gendron
Gray
Greene
Guay
Haidasz
Hellyer
Isabelle
Johnston
Lachance
Laflamme
Laing
Langlois (Chicoutimi)
Laniel
Laverdière
Leblanc (Laurier)
Lefebvre
Legault
Lessard
Lind
Loiselle
MacEachen
Mackasey
McIlraith
McWilliam
Marchand
Matte
Mongrain
Munro
Neveu
Nicholson
Nixon
O'Keefe
Olson
Orange
Otto
Pepin
Pickersgill
Pilon
Prud'homme
Reid
Richard
Rideout (Mrs.)
Rinfret
Robichaud
Rochon
Rock
Sauvé
Stafford
Stanbury
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Thompson
Tolmie
Tremblay
Trudeau
Tucker
Turner
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan
Yanakis—87.

• (11:20 p.m.)

And the Clerk proceeding to announce the result of the vote:

Mr. Speaker: Order. I understand that in the course of the vote it was not ascertained definitely whether Mr. Drury voted for the yeas or the nays.

Mr. Drury: Yeas.

Some hon. Members: Hear, hear.

Mr. Starr: I hope, Mr. Speaker, that it is recorded that he voted for the yeas.

Mr. Speaker: It will be so recorded. Did I understand that the minister votes "yea"?

Some hon. Members: Yes.

Mr. Drury: No, Mr. Speaker. Nay, nay.

Mr. Hellyer: Yea, he voted nay.

An hon. Member: Give him another chance.

And the result of the vote having been announced:

Mr. McCleave: I am sure I was paired with the hon. member for Burin-Burgeo (Mr. Jamieson).

Mr. Pennell: I was paired. Had I voted I would have voted against the amendment.

Mr. Sherman: I was paired with the hon. member for Port Arthur (Mr. Andras). Had I voted I would have voted for the amendment.

Mr. Habel: I was paired. Had I voted I would have voted against the amendment.

[*Translation*]

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, before the motion for third reading is agreed to, I would like to move an amendment concerning the fiscal compensation for any province deciding to occupy the field of old age security itself.

Several members have asked the minister and the government to express their opinion on the matter. The minister did not answer the question; he is probably in favour. At all events, I want to move this amendment without resuming the debate, since I expressed my opinion this afternoon. I therefore move, seconded by the hon. member for Chapleau, Mr. Laprise:

That Bill No. C-251 be not now read a third time, but that it be referred back to the committee of the whole house for the purpose of reconsidering the advisability, while being of the opinion that the necessary steps be taken to ensure to senior Canadian citizens an adequate pension, that no legislation providing for a service of old age security in Canada would be sufficient, unless providing for a system of fiscal compensation for any province wishing to establish its autonomous old age security program.

An hon. Member: The amendment is not in order.

[*English*]

Mr. Speaker: As hon. members will have surmised, there is some question in the mind of the Chair at the moment whether this amendment is acceptable. I do not propose to rule on it without inviting hon. members to express their opinions on the procedural aspect of the amendment moved by the hon. member for Sherbrooke, though I might say that I have serious reservations about it.

Some hon. Members: Question.

Mr. Speaker: I am prepared to make a ruling now.

Some hon. Members: Agreed.

Mr. Speaker: I would refer hon. members to May, seventeenth edition, at page 571, and perhaps more particularly to Beauchesne, fourth edition, at page 288, citation 418. It will be found from these citations that the proposition advanced by the hon. member is beyond the scope of the bill and is actually not included in the principle of the bill.

• (11:30 p.m.)

Hon. members know that there is an essential difference between amendments which may be moved on second reading and amendments moved on third reading. The scope of amendments on third reading is much more limited than on second reading, and this is borne out by citation 418 in Beauchesne's fourth edition. I do not think it is necessary for me to read it for hon. members, and if they consult it I am sure they will agree with the Chair that the amendment cannot be accepted at the present time.

[*Translation*]

For those reasons, I must rule that the amendment moved by the hon. member for Sherbrooke is out of order.

[*English*]

Some hon. Members: Question.

Mr. Speaker: The question is on the main motion. Mr. MacEachen, seconded by Mr. Pickersgill, moves that Bill C-251, an act to amend the Old Age Security Act, be now read the third time. Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

And more than five members having risen:

Mr. Speaker: All those in favour will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

Mr. Fulton: You will observe, Mr. Speaker, that they are voting against their own bill.

The house divided on the motion (Mr. MacEachen) which was agreed to on the following division:

YEAS

Messrs:

Addison	Clermont
Aiken	Comtois
Alkenbrack	Côté (Longueuil)
Asselin (Richmond-Wolfe)	Crossman
Barnett	Crouse
Basford	Davis
Batten	Dionne
Béchard	Drury
Beer	Dubé
Bell (Saint John-Albert)	Duquet
Berger	Enns
Blouin	Fane
Boulanger	Faulkner
Bower	Fawcett
Byrne	Forest
Cadieux (Terrebonne)	Forrestall
Cameron (Nanaimo-Cowichan-The Islands)	Fulton
Cantin	Gendron
Chatwood	Gilbert
Choquette	Godin
Chrétien	Grafftey
Churchill	Gray
Clancy	Greene
	Grills
	Guay

Division

Gundlock	Otto
Haidasz	Pascoe
Hellyer	Pépin
Isabelle	Peters
Johnston	Pickersgill
Knowles	Pilon
Lachance	Prittie
Laflamme	Prud'homme
Laing	Rapp
Lambert	Régimbal
Langlois (Chicoutimi)	Reid
Laniel	Ricard
Laprise	Richard
Latulippe	Rideout (Mrs.)
Laverdière	Rinfret
Leblanc (Laurier)	Robichaud
Lefebvre	Rochon
Legault	Rock
Lessard	Rynard
Lewis	Saltsman
Lind	Sauvé
Loiselle	Schreyer
MacEachen	Scott (Victoria (Ont.))
MacInnis (Mrs.) (Vancouver-Kingsway)	Sherman
Mackasey	Smith
MacLean (Queens)	Stafford
McIlraith	Stanbury
McKinley	Starr
McWilliam	Stewart
Madill	Tardif
Marchand	Teillet
Mather	Thomas (Maisonneuve-Rosemont)
Matte	Thompson
Mongrain	Tolmie
Monteith	Tremblay
Munro	Trudeau
Nesbitt	Tucker
Neveu	Turner
Nicholson	Walker
Nielsen	Watson (Châteauguay-Huntingdon-Laprairie)
Nixon	Webb
O'Keefe	Whelan
Olson	Winters
Orange	Yanakis—137.
Orlikow	

NAYS

Messrs:

Allard—1.

Mr. Speaker: I declare the motion carried.

• (11:40 p.m.)

Mr. Pennell: Mr. Speaker, I was paired. Had I voted I would have voted for the bill.

Mr. MacLean (Queens): Mr. Speaker, I should like to rise on a point of order in connection with the vote. I should ask that the record of the vote be read but on account of the lateness of the hour I do not intend to do that. However, I should like to reserve the right to raise a point of order tomorrow after I have seen the record of the vote in *Votes and Proceedings.*

Mr. Speaker: If the hon. member has a point of order to raise, I suggest he should do so now.

[Mr. Fulton.]

Mr. MacLean (Queens): Mr. Speaker, I believe the point of order which I wish to bring to the attention of the house is a rather important one. I hesitate, however, to take the time of the house at this late hour. It is in connection with a principle which I consider to be very important, namely, that when hon. members rise to challenge Mr. Speaker's interpretation of the sense of the house they automatically are declaring themselves to be in the group which Mr. Speaker has determined to be the minority. Therefore those members who rose tonight to call for a formal vote should have their names recorded with those who voted against the measure.

This, Mr. Speaker, is a very important point to me. If one refers to clause 48, I believe, of the British North America Act it will be seen there that questions in the House of Commons are decided by the voice of the house. I am quite familiar with rule 9, I believe it is, in our rules which states that five members may rise and therefore require that a vote be recorded. I suggest that that rule is deficient. If you refer to rule 1, where there is no precedent for this sort of thing in our rules, and refer to the rules and customs as they exist in the British House of Commons, you will find, of course, Mr. Speaker, that although the system of taking a recorded vote is different there than it is in our House of Commons, there is one principle which is an obvious one. It is that when Mr. Speaker estimates whether the yeas or nays have it, it is only those whom Mr. Speaker has deemed to be the minority who have the right to call a recorded vote, because the voice of the house is what decides whether a matter is carried or not and the recording of the vote is only to determine the voice of the house when it is nearly even or when it is not clear that the Speaker is not in error.

I should have liked to do this tomorrow when I will know what the vote has been. In order to save time I refrain now from asking that the vote be read by the clerk, which I believe is my right in circumstances of this sort. It is clear, however, that under our rules, upon a division the yeas and nays shall not be entered upon the minutes unless demanded by five members. But it implies that these five members are members who are challenging your decision and therefore they are in the group which Mr. Speaker has declared to be the minority. There are many references to this in the British rules. For example, Mr. Speaker, in respect of the British House of

Commons *May's* Parliamentary Practice, sixteenth edition, has this to say:

> In the Commons the Speaker takes the sense of the house by desiring that "As many as are of that opinion say, 'Aye,'" and "As many as are of the contrary opinion say, 'No'".

Then it goes on to say that members cannot give one voice when the yeas and nays are called and then vote contrary to that. There are many references to this in British practice and in the British rules which make it quite clear that votes which are recorded can have no other effect than to do again what has been done by the voice vote and which has been declared by the Speaker as carried or not carried as the case may be. Our practice is a frivolous waste of time of the house because it can have no effect. I am perfectly aware of the fact that this practice has gone on in this House of Commons for many years but I believe it is a practice which originated in an error and that this error has been compounded by references to errors in the past.

The situation is such, Mr. Speaker, that if the respect for this House of Commons is to be raised in this country we should start by eliminating frivolous procedures which have no effect on the passage of legislation in the house.

Some hon. Members: Hear, hear.

Mr. MacLean (Queens): There are many cases, Mr. Speaker, with which you are familiar—although this is a slightly different point or a development of the point—which establish that in the British House of Commons the Speaker has the power to declare that the recording of a vote would be frivolous if only a small number of members stand. There are many cases, for example, where the Speaker so declares.

Finally, to make this brief at this late hour I would refer you, sir, to the third edition of Bourinot's Parliamentary Procedure at page 500 where we find this statement:

> In the commons the yeas and nays can be taken only in conformity with the following rule:—83. "Upon a division, the yeas and nays shall not be entered on the minutes, unless demanded by five members".

That is the old rule which is still in existence but which I think can be regarded as being deficient. The note at the bottom of the page has this to say:

> • (11:50 p.m.)
>
> It has often been suggested that it is advisable to adopt the English practice, by which a member who calls out with the noes and forces a division should vote with the noes on the obvious principle that it is for the minority alone to appeal from the Speaker's decision to the ultimate test of a division.

This is a principle which is long overdue for adoption in this House of Commons. I do not expect you to rule on this matter at the moment, Mr. Speaker, but I would respectfully suggest that you would do a great service to Canadian parliamentary life if you made this your centennial project.

The footnote of this precedent continues as follows:

> But such a practice has never obtained in the Canadian House, and whilst attention has been frequently directed to its propriety, no Speaker has ever attempted to enforce it.

I think the time has come when that should be done.

Mr. Speaker: Order, please. Even at this late hour I feel I should be given an opportunity to rule on the very interesting and important point raised by the hon. member for Queens. I can assure the hon. member I have taken this into serious consideration. In many ways his point is academic because he knows, as intimated by his remarks, that at least to some extent we are faced with a standing order which is part of our Canadian rules and governs the practice of this house. That standing order is to the effect that on a division the yeas and nays shall not be entered unless demanded by five members. Standing order No. 9 states that if five members rise there shall be a division.

As hon. members appreciate, it is rather difficult for the Chair to decide whether the five members rising are among those who said "Yea" or "Nay". Perhaps what the member is suggesting is that Chair at the moment should ask the five members whether they were among those who said "Yea" or "Nay".

The hon. member suggested that this should be the Chair's centennial project, which is perhaps a good idea, but I would suggest that it should be the centennial project of the House of Commons. Hon. members know that the Chair under similar circumstances is bound by precedents. Conveniently it has been brought to the attention of the Chair that in recent years there have been a number of instances on which a division has been held where not one objecting voice was heard. There was one on Thursday, July 24, 1958, one on Monday, September 14, 1958, one on March 4, 1959, one on June 4, 1959, one on June 9, 1959, one on March 7, 1960, and one on August 1, 1960. I could go on enumerating them to hon. members—

Old Age Security Act Amendment

Mr. Starr: Would you do so for the record, Mr. Speaker?

Mr. Speaker: I am not suggesting to hon. members that this is the procedure we should follow but—

Mr. Starr: Mr. Speaker, would you kindly continue to record these occasions so we will have a complete record?

Mr. Speaker: I wish I could do that but I can only read from the incomplete record given to the Chair.

Mr. Starr: Did that record stop in 1960?

Mr. Speaker: Order, please.

Mr. Knowles: It was done on the Family Allowances Act in 1944.

Mr. Speaker: Order, please. Hon. members know that going back to 1867 this has been the situation in the house. If ever there was a Speaker who wanted to take it upon himself to change 100 years of practice in the Canadian House of Commons—

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. May we have order, please? If there ever was a Speaker who wanted to change a practice which has existed in the House of Commons for 100 years it is not this Speaker. I can only inform hon. members that the suggestion made by the hon. member for Queens is an interesting and practical one. It may be that the time of the house should not be taken up by the calling of divisions when it is known in advance what the result will be, but certainly it is not for the Chair to make such a decision, and certainly it is not for the Chair to interpret standing order No. 9 in any other way than it has been interpreted over the years.

Suggestions have been made during the last week that a committee should be set up to study changes in the rules of the House of Commons. I suggest to hon. members who may be members of that committee that this is one rule which should be given consideration with a view to eliminating the possibility of votes being held when the result is known in advance. Such a situation took place this evening. I thank the hon. member for Queens for his suggestion which I know will be taken under consideration by hon. members of this house who will be named as members of that committee to study possible changes.

In view of 100 years of practice I do not think I should change these rules at midnight today or tomorrow, and therefore I must rule against the hon. member for Queens.

[Mr. Speaker.]

Mr. McCleave: Mr. Speaker, I was paired with the hon. member for Burin-Burgeo. Had I been allowed to vote I would not have added to the confusion of the recorded vote.

[*Translation*]

Mr. J. A. Habel (Cochrane): Mr. Speaker, I was paired with the hon. member for Athabaska; otherwise, I would have voted for the motion.

[*English*]

Bill read the third time and passed.

Mr. Fulton: Mr. Speaker, it being after eleven-thirty, the hour at which we agreed to adjourn, I suggest we do so.

Mr. McIlraith: We agreed to adjourn when the three bills had been put through.

EXPORT CREDITS INSURANCE ACT

AMENDMENTS AUTHORIZING GUARANTEES TO BANKS, AGREEMENTS WITH FOREIGN GOVERNMENTS, ETC.

Hon. Robert Winters (Minister of Trade and Commerce) moved the second reading of Bill No. C-253, to amend the Export Credits Insurance Act.

Motion agreed to, bill read the second time, considered in committee and reported.

Mr. Deputy Speaker: When shall the said bill be read a third time? Now, or at the next sitting of the house?

Mr. Knowles: By leave, now.

Mr. Deputy Speaker: By leave, now?

Some hon. Members: Agreed.

Mr. Winters moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

• (12 midnight)

RESEARCH

PROVISION FOR GRANTS TO CORPORATIONS FOR RESEARCH AND DEVELOPMENT

Hon. C. M. Drury (Minister of Industry) moved the second reading of Bill No. C-252, to provide general incentives to industry for the expansion of scientific research and development in Canada and to effect certain related amendments to the Income Tax Act.

Mr. Deputy Speaker: Is it the pleasure of the house to adopt the said motion?

Some hon. Members: Agreed.

Mr. Lambert: No, Mr. Speaker. In the circumstances, and regardless of the hour, there is no particular reason to gallop. In this case the minister, on behalf of the government, is coming before the house with a rather lengthy bill and the house is entitled to a full explanation. Therefore we now call on the minister to make a statement. We are not going to have any more of this nonsense. The jokes are over for tonight.

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, no one is more pleased than I am at being given the opportunity, in spite of the lateness of the hour, to say a few words in support of this bill in which I heartily believe. The purpose of the bill is to provide a new and more effective incentive for research and development in Canadian industry to replace the incentive presently provided by section 72A of the Income Tax Act. This tax incentive is due to expire at the end of the 1966 taxation year.

The impact of science and technology on our economy is reflected in the flow of new products, in more efficient production techniques, in improved services of all kinds, and above all in a steadily rising standard of living. The intensive application of science to industry has also introduced a new and potent force in economic and commercial affairs. With our relatively "open" economy and the progressive reduction of trade barriers throughout the world, Canadian industry will be faced with more intense competition at home and abroad; and that competition is not merely a contest of price. More and more it is becoming a battle of invention and innovation in which scientific superiority and technical excellence are major weapons.

For Canada, the attainment of the desired rate of economic growth will depend to a greater extent than ever before on the expansion of an efficient manufacturing industry: This in turn will necessitate more effective exploitation of new technology. Therefore we must look to research and development to spark the process of industrial expansion and economic growth for the future.

The basic principle underlying the proposed legislation is that economic progress stems from increased productivity which derives in large measure from new and improved technology. Systematic and sustained investment in research and development by industry is no less important to competitive survival than capital investment in new plant. New technology affords wider opprotunities for investment and generates greater productivity, and thus provides the seed for the long-term expansion of firms, industries and nations.

Looking at the structure of our over-all scientific activity we find that industry performed only 36 per cent of the national total as contrasted with 63 per cent for Britain and 74 per cent in the United States. This anomaly in allocation of effort would indicate that insufficient emphasis is being placed on the practical exploitation of science and technology.

This comparison of industrial research activity in other countries demonstrates the necessity for a major expansion in the current level of innovation activity in Canadian industry. On analysis it would appear that a target almost three times the current figure is required to bring Canada more nearly into line with comparable industrialized countries. The attainment of this target within a reasonable period of time would require a virtual doubling of the previous long-term growth rate for industrial research and development.

This then, Mr. Speaker, is the task we face: to create a favourable climate for industrial innovation so as to ensure the rapid and effective exploitation of scientific and technological advances for the benefit of Canada and Canadians. Obviousy, a "quantum jump" in industrial research and development of the magnitude I have suggested requires special efforts on the part of government and industry alike. The general incentive for industrial research and development proposed in this bill will be one of the key measures for implementing government policy in this regard.

We are proposing that the cornerstone of our various programs for stimulating technical innovation should be a general incentive for increased research and development freely available to all companies carrying on business in Canada for the performance in Canada of bona fide scientific research and development likely to benefit Canada. Our primary objective here is to introduce advanced technology and the associated skills into industry where they can be directly exploited for economic ends. To be effective, such an incentive must cover the broad spectrum of innovation activity from basic research to engineering development with the selection and direction of projects being the responsibility of the entrepreneur. Participation in the program is to be open to all

taxable companies incorporated in Canada without discrimination as to type or class of industry, size, ownership or profitability.

Since 1962 the Income Tax Act has provided an incentive for this purpose whereby companies have been able to deduct from their income an additional allowance of 50 per cent of the amount by which their expenditures on scientific research exceeded their total expenditures for this purpose in the 1961 base year. In the intervening years, this incentive appears to have had a beneficial effect on industrial research expenditures generally, the most marked improvement being in the area of capital expenditures. However, a number of problems and shortcomings in its operation have become apparent which is evidenced by the fact that in 1963 only 265 out of a total of some 600 firms performing research and development were able to claim benefits under the additional allowance. The proposed legislation is designed to overcome these deficiencies.

In the first place, the use of the income tax laws as a vehicle for subsidizing research and development effort is essentially discriminatory since eligibility depends on the firm's tax position. Under these circumstances, many small or growing firms which are not yet in a profit-making position, but which perhaps have the greater need for research and development assistance, are excluded. Hence, in order to broaden the availability of the general incentive and in the interests of equity, it is proposed to remove it from the Income Tax Act and to provide a system of statutory grants, or credits against tax liabilities if firms so choose, for which all firms could qualify. Further, unlike a tax allowance, the cost of a grant system is readily apparent and can be accounted for to parliament in the same way as other expenditures.

Under section 72A of the Income Tax Act, operating and capital expenditures were combined for the purpose of establishing the base and for calculating the additional allowance. Since capital expenditures fluctuate widely from year to year, this provision presented a serious handicap to those firms who had made major expenditures in the 1961 base year.

• (12:10 a.m.)

In our view, all capital expenditures for new facilities or equipment represent a prima facie expansion in the research capabilities of a firm and therefore should qualify fully for the bonus without regard to any base. Accordingly, we are proposing to treat capital expenditures separately from operating expenditures for the purpose of the new incentive.

With regard to operating expenditures, the incremental feature is being retained, since the primary objective of the incentive is to produce a major expansion of research and development activity. To retain the effectiveness of the incentive and at the same time to improve its suitability for a program which is expected to continue for some years, a moving average base rather than a fixed base will be employed. Further, with regard to the determination of eligible research and development for the purpose of this incentive we are proposing to adopt a broader definition to emphasize eligibility and to bring the definition into line with the accepted international usage.

Finally, the responsibility for administering this new incentive program will be placed in the Department of Industry which has been charged by parliament with the responsibility for promoting the growth, efficiency and improvement of Canadian industry.

The government is convinced that a substantial increase in the level of industrial research and development is essential if Canadian industry is to accelerate its productivity and grow both in scope and size. The legislation envisaged by the bill before us will make a major contribution to the achievement of this goal.

Mr. Fulton: Mr. Speaker, there is a question which I should like to put to the minister. I understand that there is some agreement with respect to expediting the passage of certain measures today and I am the last person to suggest that we should depart from an understanding. I regret that I had not understood the implications of the apparent understanding. To my mind this is an extremely important and far-reaching measure and I think it is a mistake to try to pass it at a quarter past 12 four days before Christmas when obviously we are not going to have the kind of discussion which the measure merits. I think that there should be, and there may well be, some discussion going on among the house leaders. I hope I will not be accused of a breach of understanding if I suggest that we should certainly go no further than second reading tonight and be afforded an opportunity to discuss this measure further in committee after Christmas. I say this because it is a very important and potentially far-reaching measure.

Mr. Drury: Mr. Speaker, I think that a number of hon. members are here as a result of the understanding which had been reached among the house leaders. I may point out that one of the reasons for the understanding reached is that the present income tax incentive legislation under section 72A of the Income Tax Act is, as I mentioned in my earlier remarks, due to expire at the end of the current 1966 taxation year. I think that no one in the house would wish a gap or hiatus to be left in which there might be uncertainty as to what the future holds in this very important field. I suggest that perhaps the house would prefer to proceed with this measure which, I agree with the hon. member, is important. I would also suggest that it is necessary that we pass the bill before the end of the current year.

Mr. Fulton: I realize that the calendar year expires on December 31st but I had the impression that the taxation year ends on March 31st. Is that not so?

Mr. Drury: Although I am not giving a legal opinion, the government's fiscal year ends March 31. It is normal for most corporations to have their taxation year coincide with the calendar year.

Mr. Lewis: Mr. Speaker, I should like to put a question to the minister. Has he made any calculations as to the amount of money that may be involved in the grants proposed under the bill?

Mr. Drury: Mr. Speaker, it is assumed that initially the grants will be roughly the same as those now claimed as deductions under the Income Tax Act because the legislation does provide statutory grants to corporations which are not in a profit position. If the hon. gentleman would like an estimate of the amounts in the past years, I would be glad to provide it.

Mr. Lewis: I think it would be interesting to know, Mr. Speaker. I do not blame the minister for not having the information, but it would be useful to have on record the amount of money which is involved.

Mr. Olson: Mr. Speaker, on this point I think the minister is obliged to provide the house with an estimate of the cost of the legislation which has been brought in if it does not coincide with the amount which was written off income tax in the past. In addition, the government is under obligation to give an estimate of the total cost of the legislation which is proposed.

Mr. Drury: Mr. Speaker, may I point out that this legislation is what one might call enabling legislation. The amount to be provided to meet these grants, as in other instances, is normally provided through the Appropriation Acts.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, may I say first of all that I find it extraordinary that the minister was hoping that this legislation would go through after midnight. I can do nothing more than endorse most vehemently and with all the energy I have the remarks made by the hon. member for Kamloops. This is a 15-page bill. It contains measures which I am sure have more than baffled the minister in their complexity because these are very complex income tax provisions. This house has not had this legislation for any great length of time. The bill was given first reading on December 6. I find it a somewhat lame excuse for the minister to come forward at this late date and say that we must pass it before the end of the year. I would say that if this is important legislation then, to put it crudely, this is a hell of a way of running the shop because this legislation should have been before the house long ago.

I am sure the minister will appreciate the fact that members of this house should be afforded the opportunity of studying the legislation unless they are to sit here as mute cattle and not say anything. Opportunity should be given to the opposition to examine the legislation in detail. The minister knows that when his colleague, the Minister of Finance (Mr. Sharp), comes forward with income tax provisions he always affords the house the opportunity of detailed study. Detailed examination of this measure should be undertaken by the bodies which may be affected, namely, the manufacturers' associations and some of the research bodies which might be interested in this type of provision. However laudable may be the government's objective in putting forward the legislation, the very complexity of such provisions may defeat their objective.

Although I must say that I have not been able to give the bill the fine tooth comb treatment I can see already that there are some great lacunae in it. First of all, the definition which has been given to "corporation" will mean that most industries will not benefit from such research in Canada because their operations in Canada are carried on either by divisions of foreign companies or by foreign companies merely registered in Canada. The definition in clause 2 completely eliminates

such corporations, unless the minister can tell me otherwise. Forgive me if I make a direct reference to the clause.

[*Translation*]

Mr. Mongrain: On a point of order, Mr. Speaker. We cannot hear the hon. member. It seems to me that the loud-speaker system is not working; we do not understand anything.

Mr. Pepin: The hon. member for Edmonton West (Mr. Lambert) could perhaps move to another place.

Mr. Asselin (Richmond-Wolfe): If the hon. member would speak louder, we could perhaps hear him.

Mr. Lambert: If the hon. member would like me to speak French, it would take me twice as much time.

Mr. Asselin (Richmond-Wolfe): Your microphone is shut, the system is not working.

Mr. Lambert: I regret that the loud-speaker system is not working; I will therefore speak a little louder.

[*English*]

I will just have to speak a little louder, Mr. Speaker. Clause 2, subclause (f) says:

"Corporation" means a corporation incorporated in and carying on business in Canada, other than a corporation that is exempt from tax under Part I of the Income Tax Act by section 62 of that act;

Perhaps the minister can tell us which corporations are exempt from tax under the Income Tax Act.

Mr. Drury: Mr. Speaker, these are charitable and other non-profit corporations, in case the hon. gentleman does not know.

Mr. Lambert: I thank the minister for the information but he will see the point I am driving at. In many industries of this country which have very extensive operations the operating units in Canada are not necessarily incorporated in Canada. I should like an opinion from the minister—he can seek one from the law officers of the crown—whether a foreign incorporated company that is registered to do business under any of the provincial companies acts would qualify under this bill for the grants. That is item No. 1 with which I have found a little difficulty.

[Mr. Lambert.]

However, Mr. Speaker, with regard to the general principle I do not know whether coming forward with this legislation is a confession that the legislation which existed in prior years, the incentives under the Income Tax Act, have failed to do the job that had been claimed. If I remember rightly—I am subject to correction—I seem to remember that a great deal was being made by the minister's former colleague, the hon. member for Davenport (Mr. Gordon), when he was minister of finance and introduced legislation dealing with industrial research incentives, that it was going to be a great boon. I know that a hesitant start was made in years prior, but many of these ideas have humble beginnings. I should like to know why the changes are being made. Why has the system of tax incentives which has been in existence hitherto been found not to be as successful as desired?

There is no question that there must be an almost explosive expansion of industrial and other research in Canada, not only basic but applied research, if we are to keep our trained personnel. There has been a noticeable reversal in the flow of scientific and other university trained personnel; they are now coming back to Canada. But I suggest, first of all, that we have to look at the matter of trained personnel from two points of view. We have to keep them here and we must encourage those who have gone abroad to come back to Canada.

The bill makes provision for research to be carried on at universities in that corporations may pay universities to do research for them. What I should like to know is this. If a consortium of companies gets together in a particular industry and wants to do research, none of them being big enough to undertake research on their own, will they qualify under the bill? I have known organizations which wanted to do this sort of thing.

Some of my colleagues wish to raise further questions with regard to this bill. I have looked briefly at the question of the base period, the period of operation of five years. What about a new firm which has been reorganized and reincorporated or the business has been transferred to other interests? These are all matters which will have to receive very careful attention during the clause by clause study.

My concluding remarks at this stage are these. We will want an indication from the minister of the type of regulations which will be made under clause 14. This is one of those horrible omnibus clauses about which I have spoken many times with regard to various bills.

In other words, it is legislation that isn't. As a matter of fact, the bill that is brought before parliament is the bare bones. The real operation is conducted by regulations which are not subject to review by parliament. They are merely tabled.

We have before us another bill delegating powers which should be subject to review by a special or standing committee of this house appointed to review regulations made under delegating legislation. I will continue to insist upon this because I think it is a valid principle. This provision exists in the British parliament and is of fairly recent experience. The hon. member from Montreal can grin all he wants, but if he paid attention to some of the bills which come before this house perhaps we would have him on his feet from time to time participating in their discussion, indicating what is his knowledge of such legislation, legislation which he so assiduously supports from the back but never stands up to comment on.

Let me once more indicate that the regulations are highly important and can either make or break this bill. There are some very complicated interpretations of the income tax provisions. For example, what shall be the eligible current expenditures, what shall be the capital expenditures, the recovery of which is subject to regulation? I put it to hon. members that this will require very careful delineation and some explanation from the minister. I hope he will give us his undertaking when we get to the clause that the regulations will be tabled in the house as soon as they are made, not left to be filed on some statutory date according to other requirements of this house.

Mr. Barnett: Mr. Speaker—

• (12:30 a.m.)

Mr. Fulton: Mr. Speaker, I rise on a point of order to seek information. I should like to know precisely what undertaking or arrangement was made or what order of the house was adopted at six o'clock. I return to my point that this is far too important and far-reaching a bill to be dealt with at this time of the day—in the early morning.

It is with the greatest reluctance that I even appear to run counter to any understanding which may have been reached but I say again to the minister that we should go no further tonight than second reading and that we should let the committee stage stand over until tomorrow. I realize that there is concern in the mind of the government to the extent that the bill is supposed to cover research expenditures incurred in a fiscal period ending in 1966. It is supposed to give tax relief for those expenditures. Understandably the government has made commitments in this connection and it therefore wishes to get the bill through before the end of the year, in other words, before the adjournment.

But the Income Tax Act has been and can be amended retroactively. If we do not get this bill through before December 31, 1966, the government could give effect to its undertaking by an amendment to the Income Tax Act made when the Minister of Finance introduces his budget next year.

Some hon. Members: Oh, oh.

Mr. Fulton: That is quite possible. It is not unusual. In any case there is a principle involved here to which we should not be irrevocably committed at 12.30 a week before Christmas with very few members present. As I say, I am prepared to have the bill given second reading and for it then to be set over until tomorrow for the committee stage. If that is not agreeable I should like to ask the Speaker to tell us what the order of the house was and I would then call it 10.30 or 11 or whatever time was agreed on as the hour of adjournment. I am not prepared to see this bill go through in a rush tonight.

The Acting Speaker (Mr. Rinfret): May I point out that there was an order made by the house to proceed with order No. 93 and order No. 100 on today's order paper and then to adjourn.

Mr. Churchill: Would you read the exact words which were spoken about 8.15?

Mr. Fulton: There was no extension of the hour of sitting, was there?

Some hon. Members: Yes, there was.

Mr. Churchill: What is the wording?

The Acting Speaker (Mr. Rinfret): I will read what was said. This is the Deputy Speaker speaking:

> Having agreed that the house will sit beyond ten o'clock, I understand that the two bills which are to receive priority are those set out in order No. 93 and order No. 100 on today's order paper.

It was agreed then.

Mr. Fulton: There was no order of the house made?

Research

The Acting Speaker (Mr. Rinfret): If hon. members wish me to read further, I will do so.

Mr. Deputy Speaker: So that there will be no misunderstanding may I go over the different points again? Following this discussion we will have third reading of Bill C-251. We will then discuss items 93 and 100 on today's order paper. If there is time remaining we will consider items 79, 96, 104, 110 and 117. The house will sit after ten o'clock this evening with no time limit specified. Tomorow the house will sit from six o'clock to ten o'clock. Does the house agree that it be so ordered?

This was agreed by the hon. members.

Mr. Lambert: There is nothing there which indicates that this bill should be taken through all its stages. The contention which my hon. friend from Kamloops is putting forward is eminently reasonable. If we gave second reading to this bill and proceeded further tomorrow, that would be agreeable. But I must protest against this inordinate haste in trying to put through a bill which has been brought into this house on the eve of this very day.

An hon. Member: Fourteen days at least.

Mr. Thompson: It was generally agreed and it was ultimately passed as an order of the house that after completing Bill No. C-251 we would proceed with Bill No. C-252 and Bill No. C-253. We spent between three and three and a half hours in a somewhat futile debate on Bill No. C-251 which took up most of our time tonight. Be that as it may, I think it is reasonable that we should accept the point of order which has been raised by the hon. member for Kamloops. After all, there are 19 clauses in this bill covering some 15 pages. We cannot do justice to it tonight, though I believe we are in general agreement as to the principle of the bill. So I support what the hon. member for Kamloops has just said, that we pass second reading and then adjourn for the day.

Mr. McIlraith: Mr. Speaker, I want to make one point clear. The order of the house tonight clearly provided that this bill should be passed. But in view of the obvious desire among members to discuss the bill in some detail and in view of the fact that other bills took longer than we anticipated, I would be quite agreeable, if it meets with the wishes of hon. members, to stop as soon as the second reading stage has been concluded. However, I would like to call a third reading item.

Some hon. Members: Agreed.

[Mr. Fulton.]

The Acting Speaker (Mr. Rinfret): Is it unanimously agreed that the order made previously tonight be rescinded?

Mr. McIlraith: No. The order stands. But we ask to proceed to the second reading of this bill at this moment—

Mr. Churchill: And stop there.

The Acting Speaker (Mr. Rinfret): Is the house unanimous?

Some hon. Members: Agreed.

Mr. Barnett: Mr. Speaker, I find myself confused by the motion Your Honour has just put. I understood that a motion for the second reading of this bill had already been made.

Mr. McIlraith: We have just carried it.

Mr. Barnett: On a question of privilege, before all these points of order were raised I had been recognized by Your Honour as wishing to speak on the second reading of the bill. My understanding of the agreement—

Mr. Monteith: It was second reading which was being discussed.

Mr. Fulton: Would the hon. member permit me to make this point? I felt we should not agree to proceed with all stages of the bill tonight as we had apparently been asked to do, and I felt that as a compromise we might agree to second reading and let the bill stand there. We can make any further speeches in committee on the bill tomorrow. Nobody's position is compromised since anything we may want to say on second reading can, I think, be said in committee.

Mr. Barnett: With all deference to the hon. member for Kamloops, I had been recognized by the Chair and though I have no desire to make a lengthy speech I do wish to make a few remarks on the second reading of the bill. Certainly I was not a party to any agreement that second reading should be deemed to have been passed. The hon. member for Edmonton West made a speech on second reading. The Chair then recognized me. I assure hon. members I have no desire to make a long speech, but my understanding is that we will finish second reading and not proceed with the committee stage. Is that correct?

• (12:40 a.m.)

Mr. McIlraith: That is right.

The Acting Speaker (Mr. Rinfret): Is it agreed that we consider this bill in committee of the whole at the next sitting of the house?

Mr. McIlraith: Mr. Speaker, I would like to clarify the matter. We have the right to call the items of business that come before the house. I said we would be agreeable to proceeding only with second reading of this bill tonight, and then I made a qualification that there was another item, No. 96, a third reading, that we wanted to call. I believe no one wishes to speak on it.

Mr. Barnett (Comox-Alberni): After this merry-go-round I have almost forgotten what I wanted to say. However, some of the points I was going to raise are now qualified by the agreement which has been reached not to proceed with all stages tonight. I agree with the Minister of Industry (Mr. Drury) that this is an important piece of legislation. It is obvious that his colleague, the house leader, had not appreciated it was as important as the minister and many of the rest of us consider it.

One can readily agree with the basic principle of the bill, the furtherance of scientific research and development in the industrial field, and to that extent at least I am prepared to support its passage on second reading. On the other hand there are what I would call ancillary principles in the bill which raise serious questions in the minds of some of us.

One of the principles in the bill is that it is to be administered directly by the minister and that the determination of who is to get grants and for what purposes grants are to be made rest in the minister's hands. There is a provision that he can seek advice from such bodies as the National Research Council, but I think it is legitimate to question whether this is the soundest approach that could be taken and whether such matters should rest entirely in the hands of a minister or a department of government. It is possible that they could be better determined by some kind of scientific board. Not long ago we set up a science council for Canada. I do not suggest that it could function more effectively than the minister in this connection, but from the opportunity I have had to study the bill I question that the matter should rest entirely with the minister's department.

With respect to a bill of this kind, which will have such far-reaching and permanent effects on the direction in which scientific research is to go in Canada and its relationship to the industrial development of our country, there should be an opportunity for examination in depth before it is enacted as a statute. Though I and my colleagues are prepared to give at least conditional approval to second reading tonight, in our view this kind of bill could be better handled not by desultory discussion in committee of the whole house but by referring it to a standing or special committee where its implications, both financial and scientific, could be considered in depth and where representatives of industry and science could be called to explore the full implications of the bill.

As the hon. member for Edmonton West said, it is unfortunate that we are faced with the suggestion that if the bill is not passed by the end of the year there may be some hiatus in the research programs undertaken by certain firms. But rather than rush an important measure like this through the house, I think it would be better to act quickly to provide for an extension of the provisions of section 72A of the Income Tax Act, so that the present program could continue until this bill, or one which would result from detailed consideration of it, could be enacted.

This bill has appeared but recently on the order paper, with no advance warning until today that it was going to be called before the recess. Thus my understanding of it in some respects is still rather fragmentary. I am sure this is the case with many hon. members. Therefore I would ask the minister to give serious consideration to requesting his colleague, the Minister of Finance (Mr. Sharp), to bring forward a temporary solution to meet the particular problem and give the house an opportunity to make a proper examination of what I think basically is a sound idea.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, it was my intention to speak on second reading but since we have agreed to give approval to the principle of the bill, and due to the lateness of the hour, I reserve the right to speak in general discussion when we reach committee stage of the bill.

Motion agreed to and bill read the second time.

• (12:50 a.m.)

MANITOBA-NORTHWEST TERRITORIES BOUNDARY ACT

DECLARATION OF BOUNDARY LINE SURVEYED AND MARKED

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources) moved the third reading of Bill No. S-47, respecting the boundary between the province of Manitoba and the Northwest Territories.

Motion agreed to and bill read the third time and passed.

Business of the House

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, tomorrow we will be dealing with the transport bill and subject to royal assent being given to the old age pension supplement legislation, which we expect to have tomorrow night, we will be proposing that we adjourn for recess until January 9. That notice is on the order paper and I hope we can carry it out.

May I add one cautionary note. We may wish to revert to the bill which was under discussion just now some time during the day tomorrow. If this situation arises, however, I will be speaking to the house leaders about it.

Mr. Starr: Mr. Speaker, a number of members have looked at this bill and feel it is a very important one. I understand there will be a great deal of discussion in respect of it, including discussion by members on the government side. I wonder whether the house leader would consider not dealing with this bill tomorrow.

Mr. McIlraith: I tried to introduce the cautionary note that we might wish to do so and if so I would speak to the house leaders about it.

Mr. Olson: Mr. Speaker, may I ask the house leader a question concerning the transport bill? When he introduced the bill today the Minister of Transport suggested he would be willing to stand clause 1 and move on to some of the other clauses if the house was in agreement. I am wondering whether any further consideration is being given to this.

Mr. McIlraith: I cannot very well settle that at the moment. I understand that this suggestion was made by the minister and I will draw the remarks which have just been made to his attention.

Mr. Speaker: Perhaps at this point I should bring to the attention of hon. members who are still here after midnight that earlier in the course of the evening a point of order which I considered was very interesting and important was raised by the hon. member for Queens, at which time certain precedents were brought to the attention of the Chair. Since then additional research has been made on behalf of the Chair, and to the list of precedents which I at that time mentioned I should add the following dates: November 12, 1963, November 18, 1964, and October 11, 1963. I do not suggest this is a complete record of the precedents, because as I indicated at the time the precedents go back to 1867, but they perhaps may indicate a more objective picture of the situation.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

Mr. McIlraith: Mr. Speaker, do I understand you are calling the proceedings on the adjournment motion? I wonder whether hon. members who are concerned in the adjournment debate would consider forgoing it.

Mr. Churchill: I think it should be the prerogative of Mr. Speaker to determine that and simply rule that there will not be a debate on the adjournment motion.

Mr. Speaker: According to the new rule a motion to adjourn the house is deemed to have been moved, so no formal motion is required. I would suggest, however, that there is no power in the hands of Mr. Speaker to say to the hon. member for Sherbrooke, the hon. member for Lotbinière, or the hon. member for Trois-Rivières that they will not have an opportunity to have their say in connection with the matters they raised earlier today.

[*Translation*]

LABOUR RELATIONS—C.N.T.U.—DEFINITION OF BARGAINING UNIT

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, last Thursday, December 13, I put the following question to the right hon. Prime Minister (Mr. Pearson):

> "As the ministerial committee has submitted its report to the cabinet, does the government intend to introduce shortly a bill defining the negotiating units and recognizing them on the natural as well as on the national level?"

The head of the government thought it best at that time not to answer. Maybe he hoped that I would repeat my question on proceedings on the adjournment motion, so that he might have the opportunity to make a more substantial and complete statement. At least, we all hope this is the case, since the controversy was brought up several months ago and has not yet been settled in any positive and efficient manner.

Early in 1966, the C.N.T.U. made violent protests to the cabinet over C.C.R.O. decisions and also protested against the type of representation in this federal organization. In addition to voicing grievances in connection

with the lack of equal representation at inter-union conflicts, the absence of bilingual members of the C.C.R.O., and the importance of the president's vote whenever a problem opposes unions represented at the C.C.R.O., the C.N.T.U. criticized—and rightly so—the exclusive meaning which the C.C.R.O. attributes to the negotiating unit.

The C.C.R.O. insists that the negotiating unit applies only on the national level and refuses to recognize it on the natural level.

This corrupt and unchanging attitude of the C.C.R.O. is detrimental to the freedom of workers. It is up to the employees to choose their union. This choice must not be dictated by the employer, unless we want to apply to Canada—either directly or indirectly—the theories which are predominant in communist and totalitarian countries.

It must be pointed out that if the C.C.R.O. has limited the scope of negotiating units to the national level, it is because they have—in their narrow-minded way—interpreted the law itself which does not give any precise definition of the negotiating unit.

This is why it has become more than urgent to amend section 2, subsection 3 of the Industrial Relations Act, so that certain unfair and antidemocratic decisions may be rectified, thus allowing recognition of the negotiating units, on the natural as well as on the national level.

This uneasiness is not of recent date. A ministerial committee was set up last April. It took the committee nine months to submit, last December 8, a report of its findings to the right hon. Prime Minister. I hope the Prime Minister or his parliamentary secretary will not go into a prolonged nirvana, but that one of them will assure the house tonight that the act will be amended very shortly, so that justice, freedom and equality may finally be respected in Canada.

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): Mr. Speaker, according to our parliamentary tradition and custom, the proceedings of such a committee can be made available to the public only when its final report is ready for publication. I am surprised that the hon. member is not aware of this basic rule of our procedure.

At any rate, I can assure him that the committee is very active and since its membership includes the Minister of Trade and Commerce (Mr. Winters), the Minister of Labour (Mr. Nicholson) and the Minister of Manpower and Immigration (Mr. Marchand), one can see the seriousness with which this government considers the problem; it ensures the value of the report which will be published in due course.

(1:00 a.m.)

CRIMINAL CODE—AMENDMENT RESPECTING CONFESSIONS OF PRISONERS

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I am greatly moved to speak—

[*English*]

Mr. Churchill: Mr. Speaker, I rise on a point of order. Under provisional standing order 39A, at ten o'clock p.m. on any Monday, Tuesday or Thursday Mr. Speaker may, notwithstanding the provisions of standing orders 6 (3) and 32(2), deem that a motion to adjourn the house has been made and seconded, whereupon such motion shall be debatable for not more than 30 minutes. This provisional standing order does not say anything about one o'clock on the following day; it refers to ten o'clock p.m. In view of the fact that it is now one o'clock a.m. I suggest that this debate is entirely out of order.

The Acting Speaker (Mr. Rinfret): There seems to have been unanimous consent to proceed with the adjournment motion following the suggestion by Mr. Pepin, supported by Mr. McIlraith, that we continue with the adjournment proceedings.

Mr. Churchill: I objected to that earlier.

Mr. McIlraith: No, no one took exception at that point.

Mr. Mackasey: May I speak on this point for a moment, Mr. Speaker?

The Acting Speaker (Mr. Rinfret): No. I have ruled that we should proceed on the adjournment motion.

Mr. Churchill: This is a shocking abuse of the staff of this house.

Mr. Choquette: It will only take me two minutes to complete my remarks.

Mr. Churchill: That is a pretty selfish attitude on your part.

Mr. Choquette: You have abused us so much, I shall continue.

Proceedings on Adjournment Motion

[*Translation*]

Mr. Speaker, I shall be very brief, but I want to say, first of all, that I am greatly moved to speak before such a large gathering.

My question was the following, to which I will add a preamble.

In a modern society, Mr. Speaker, every effort is made, of course, to assure its members maximum protection against evil-minded citizens who are a menace to law and order. Police action is an inescapable necessity in a civilized country, and, too often, the merits of the police force are not recognized as they should.

It is therefore of the utmost importance that existing laws do not paralyse crime detection, and sufficient latitude should be given to investigators who, sometime heroically, have to unmask the crimes and wickedness of blackguards who only understand the language of force.

Nevertheless in Canada, considering the advanced stage of North American civilization, our country being foremost in the social field, human sciences are being developed rapidly enough to allow us to resort to something else than brute force on inmates, to serve the purposes of justice.

Therefore, I should like to make some suggestions in regard to the deplorable acts of violence, in regard to which the Quebec Bar requested a royal inquiry. I should point out, Mr. Speaker, that in order to prevent such police brutality against accused persons and inmates, first of all, those in charge of questioning them should have had intensive training, should know enough about human sciences, should be proficient enough so far as the interrogation of inmates is concerned to be able to obtain a confession without resorting to violence and brute force.

Second, I believe there should be close co-operation between the officers representing justice on the one part, and defence counsel on the other part, so that the latter may seek something else than proving at all costs the innocence of their clients. If, on the contrary, they are able to throw some light on the case and serve the purposes of justice, if they are convinced of the guilt of their clients for instance, let them cooperate more closely with justice instead of dealing with lost causes.

Third, the accused should not be requested to make a confession in the absence of his lawyer. This does not prevent police officers from being free to question the prisoner, but any confession which was obtained otherwise than in the presence of the lawyer of the accused would not be valid.

Fourth, the provisions of the Bill of Rights should be enforced more energetically than they are at the present time. Moreover, the Criminal Code should stipulate that any policeman or any officer of the law who refuses to let a prisoner get in touch with his lawyer is guilty of an offence punishable by summary conviction. And so, the stipulations of the Bill of Rights would be enforced, which they are not today. We know what happens too often: policemen or officers of the law refuse to let their prisoners get in touch with their lawyer.

I shall sum up my considerations. We cannot paralyse police action by cynical laws. The policemen must be given some latitude, for they are often brave or heroic, but, on the other hand, we should censure loudly any brutality on their part. If we applied the suggestions I am putting forward, we could, I believe, avoid the excesses that we had to deplore recently.

[*English*]

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, I am not surprised that the hon. member for Lotbinière brings his problem before the House of Commons because his reputation in support of his fellow man is well known in the House of Commons. He has demonstrated that support by his interest in safety measures on the highways at level crossings. It is natural that he should take this opportunity to express his concern in view of the fact that in recent days in the city of Montreal there have been at least six fatalities brought to the attention of the public.

Certain safety measures have already been incorporated by the United States. They have adopted the principle that accused persons should be represented by legal counsel regardless of whether or not they are in a financial position to do so. This is a principle which should be adopted by Canada, and it presents a great challenge to the members of the bar, some of whom are present here. Too many Canadians are penalized, because of their financial position, by being inadequately represented in our courts. I highly commend to the Department of Justice the worth-while and sensitive suggestion of the hon. member for Lotbinière.

[*Translation*]

Mr. Choquette: I wish to thank the hon. member for Verdun (Mr. Mackasey) for the generous compliments he paid me.

Mr. Speaker: Order. I recognize the hon. member for Trois-Rivières.

• (1:10 a.m.)

SPORT—PEE-WEES—REFUSAL TO AUTHORIZE TRIP TO EUROPE

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, at the risk of being out of order, I would like to say first of all how shocked I was at seeing all Conservatives help in wasting the time of the house a while ago and then object to our taking seven minutes.

I shall state my case briefly. What is involved in the question I wish to raise? Two pee-wee hockey teams, in the 10-12 age group, were selected by the Montreal Expo to make a tour in Europe. Then, what is the problem? Well, the problem is that they cannot get on the ice in Europe without the authorization of the C.A.H.A. and of the Q.P.H.A. Now, what we ask is that the right hon. Prime Minister (Mr. Pearson), the Minister of Trade and Commerce (Mr. Winters), who is responsible for Expo, and perhaps the commissioner general of Expo talk some sense into the manager of that monopoly, of that trust which goes by the name of C.A.H.A., which so often has been a cause for complaints here, in the House of Commons.

When I make this request, Mr. Speaker, I am in good company, since I have the support of the hon. member for Champlain (Mr. Matte) and of the hon. member for Saint-Henri (Mr. Lessard). I am also supported by the mayors of Ville LaSalle, Cap-de-la-Madeliene, Trois-Rivières and Montreal; I have in my hand the documents referring to those matters and I also have the material submitted by the Expo commission which endorses this tour.

What is the excuse alleged to prevent that tour? Trivial, childlike, frivolous, even false reasons have been given in many cases.

They say, for instance, that there is a breach of the rules under which the authorization for such a tour must be requested. We requested it and it is refused to us. We are told that the teams are not permitted to go and play against European teams; they are not going to play against European teams, they are going to play one against the other. One will represent Expo and the other the centennial commission.

They say that the C.A.H.A. cannot vote against its own rules; we are going to prove to them that it has done so 15 times. Then, it is stupid to think that the men are made to serve the rules. I would rather think that the rules are made to serve the men and that there are some exceptional cases.

They say that there is a rule which forbids the young people to go and play outside the province, outside the country. That is true and we agree to it; we understand the desirability of such attitude. However, we say that on many occasions the C.A.H.A. made exceptions and we feel that Expo '67 and the centennial are exceptional cases.

It is said that those young people run the risk of falling ill if they go to Europe. They will be accompanied by their parents; they will also be accompanied by serious people such as Mr. Jacques Plante, some mayors and city councillors. They will get the required vaccinations before they leave. We could mention the case of 25 young people of the same age going to Europe with their parents, to study, and who are not any the worse for it. They are not going to China or Japan; they are going to England, France, Belgium, Germany.

It is said that some industries would endorse or support the venture for advertising purposes; that is not true. It is said that they are free to go if they want to. Yes, but what is not said is that afterwards they will be forbidden to play in organized hockey for many years because there is a trust, a monopoly called the C.A.H.A. which prevents them from going.

It is said that the C.A.H.A. is afraid of being held responsible. Those who sponsor that trip are taking all the insurance necessary and are ready to sign all the documents needed to release the C.A.H.A.

Now, those who are organizing the trip are not asking anyone for money. They will put up $20,000 to finance it. All they are asking for is to be left alone, to be allowed to advertise Expo, nothing else.

It is suggested that the Physical Fitness Council objects to such things. We understand that, because, as a rule, it is not the policy to allow those young people to go and play abroad. We feel that in view of the precautionary measures taken in the present case and due mainly to the extraordinary event called Expo '67, they should be allowed to go.

Mr. Speaker, we are only asking—and it is not the first time we do so in the house—that

the proper authorities bring to reason the responsible people in the C.A.H.A., who exert full control over sports in Canada, so that they will grant the permission being asked in this case. Of course, the unusual circumstances requiring those young people to go and play in Europe are appreciated.

As I said earlier, we are not asking money of anyone, we are accepting all the responsibilities. We are only asking not to be hindered. If we do not get that permission from the C.A.H.A., we shall not be able to make a good showing in Europe. Does that make any sense? Those young people are liable to penalties.

Mr. Speaker, I should like to insist on the fact that all the sport reporters in the province of Quebec, without exception, provided all those concerned with a considerable amount of clippings on this subject and endorsed the project. They cried shame when they saw that the C.A.H.A. would not listen to reason in such a case. Like many others, Mr. Speaker, I wonder if the time has not come to bring the C.A.H.A. to its senses for good.

Some hon. Members: Hear, hear.

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): Mr. Speaker, following the question put this afternoon to the hon. Minister of Trade and Commerce (Mr. Winters), probably in view of his responsibility concerning Expo '67, the minister contacted the president of the Canada Amateur Hockey Association, Mr. Page.

The minister has asked me to point out to all those concerned the importance of this matter. Indeed, the matter has been brought to his attention by two members, the hon. members for Saint-Henri and Trois-Rivières (Messrs. Lessard and Mongrain). In view of those representations, the minister felt himself bound to discuss the matter this afternoon with officials of the association.

The minister has reviewed with Mr. Page all the details of this matter and has asked him to make sure that all angles of this problem are taken into full and serious consideration; he also expressed the hope that a decision will be taken only in the light of all the circumstances in order to ensure a just and fair decision.

I expect that the hon. member will be satisfied that the minister went as far as he was allowed to.

I may add, in my personal capacity as member for Quebec South, that I would look favourably upon the Canadian Amateur Hockey Association taking exceptional decisions in exceptional circumstances. I would be happy to wish "Bon Voyage" to our pee-wees.

[*English*]

Motion agreed to and the house adjourned at 1.18 a.m., pursuant to special order.

HOUSE OF COMMONS

Wednesday, December 21, 1966

The house met at 2.30 p.m.

[*Translation*]

TRADE

TABLING OF CORRESPONDENCE ENCOURAGING EXPORTS

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): Mr. Speaker, on behalf of the Minister of Trade and Commerce (Mr. Winters), I wish to table copies in English and French of two letters designed to give further effect to the intensified trade promotion program which the minister announced in October, 1966.

One letter is directed to companies which are deemed to have export potential, but which are not active in the export field to date. The other is written to companies which already export.

The purpose of the letters is to encourage Canadian companies in their export programs and to make the facilities of the Department of Trade and Commerce available to them.

I therefore ask leave to table those letters.

[*English*]

Mr. Speaker: Has the hon. member leave to table the letters to which he has just referred?

Some hon. Members: Agreed.

EXTERNAL AFFAIRS

SUGGESTED CANADIAN PARTICIPATION IN EXECUTION OF GERMAN WAR PRISONERS

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, in accordance with the undertaking I gave on November 8 in response to a question by the hon. member for Royal (Mr. Fairweather), I should like to make a further statement regarding the trial and execution of the German sailors, Dorfer and Beck, in Amsterdam in 1945. Hon. members will recall that on October 11 last I dealt with this matter in the house. Since that time I have had further investigations made. Those investigations are now complete and I wish to assure the house that nothing has come to light which would in any way modify the statements I previously made on this subject.

In sum, any suggestion that any Canadian officer or soldier acted illegally or that the executions of Dorfer and Beck were Canadian inspired or encouraged by the Canadians is absolutely false.

The suggestions that have been made have, I think, been based on some misconception as to what actually occurred and the context in which events took place. The Germans, by the terms of surrender, were made responsible for the discipline of their troops who were awaiting return to and disbandment in Germany. The surrender terms made no mention of any change to be effected in the German disciplinary processes available to them for the maintenance of discipline. As I said in an earlier statement on this subject, restrictions on German disciplinary procedures were contained in military law No. 153. This was not received by the headquarters 1st Canadian army until the afternoon of May 14, the day after the execution took place.

There is no information that Dorfer or Beck deserted because of any appeal from the allies and indeed the evidence as set out in the article in *Der Spiegel* is to the contrary. Similarly, there is no evidence to support any suggestion that either of the two men had been engaged in collaboration with the allies during the time of their desertion from the German forces, and indeed all available evidence is to the contrary.

While the local Canadian military authorities furnish captured German rifles and ammunition for the execution, and provided transport, these two matters have been completely misinterpreted. The Germans had been disarmed and, if the sentence was to be carried out, rifles had to be returned to them for that purpose. When these were given to the Germans, the German authorities stated that they were going to carry out the execution on the spot in full view of their own troops, which would also have been in view of Canadian personnel. The Canadian officer present refused to allow this and was accordingly requested by the Germans to furnish transportation so that the executions might be carried out elsewhere. This was the only reason that a Canadian truck was made

available for the condemned men and the firing party.

The suggestion that Canadian authorities instigated the trials and the executions is, as I have previously said, absolutely false. After the court martial the Canadian officer at the scene refused to allow the execution to take place until the matter had been referred for direction, even though the German officer in charge of the camp repeatedly made representations that unless the executions were carried out before nightfall that officer would no longer be responsible for the discipline of the German troops. The Canadian officer maintained his refusal to permit the executions until he was informed through Canadian authorities that approval for the carrying out of the sentence had been given by the chief of staff of German 30 Corps.

No approach has as yet been made to us by the German authorities for assistance in their investigations of this matter. Should such an approach be made the government will, of course, afford all appropriate co-operation.

I am sure all hon. members will agree with me when I say that the whole incident was most regrettable, but I suggest, Mr. Speaker, that in view of the fact it is now over 20 years since the war ended, nothing is to be gained by our carrying this matter further.

FINANCE

TARIFF BOARD REPORT ON MACHINERY, APPARATUS AND PRINTING PLATES

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I am tabling today copies in English and in French of the Tariff Board report on reference No. 133 relating to machinery, apparatus, printing plates and related products for the printing and allied industries. I am also tabling a transcript of the evidence presented to the board at its public hearings.

I assure the house that the Tariff Board's recommendations contained in this report will receive most careful consideration by the government. I should also like to take this opportunity to invite interested parties to let me have promptly any comments they may wish to make on this report.

INCOME TAX ACT AMENDMENT

INCORPORATION OF PROVISIONS ANALOGOUS TO THOSE IN CANADIAN VESSEL CONSTRUCTION ASSISTANCE ACT

Hon. Mitchell Sharp (Minister of Finance) moved for leave to introduce Bill No. C-259, entitled an act to amend the Income Tax Act and to repeal the Canadian Vessel Construction Assistance Act.

[Mr. Hellyer.]

Motion agreed to and bill read the first time.

CANADIAN DEVELOPMENT ACT

GUARANTY ON PURCHASE OF EQUITY SHARES

Mr. Steven Otto (York East) moved for leave to introduce Bill No. C-260, to incorporate the Canadian Development Corporation.

Mr. Knowles: Explain.

Mr. Otto: The purpose for this legislation is to establish a crown corporation which would enable Canadians to buy back our national industrial future from foreign hands. This is a matter which seems to have been removed from the government's urgent list, but a matter which most Canadians consider to be of national importance. The bill would establish a crown corporation to ensure to Canadians the purchase price of approved shares. In my opinion, since Canadians have been skinned so often by our stock market manipulators, the only thing which will convince them they are getting a fair deal is a government guaranty for the equity shares they purchase. I am absolutely confident that if the subject matter of this bill is acted upon, Canadians will buy back control of their industrial potential within a short time.

Motion agreed to and bill read the first time.

POSTAL SERVICES INTERRUPTION RELIEF ACT

MEASURE TO RELIEVE LOSS OR HARDSHIP RESULTING FROM INTERRUPTION OF SERVICES

Hon. Lucien Cardin (Minister of Justice) moved the first reading of Bill No. S-55, (from the Senate) to provide relief in certain cases against loss or hardship suffered as a result of interruptions of normal postal services.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

OKA, P.Q.—HIGHWAY THROUGH INDIAN RESERVATION

Question No. 2,140—**Mr. Dinsdale:**

1. Is land on the Oka Reservation in Quebec being surveyed as a part of a highway project?

2. If so, who is carrying out the survey and on whose behalf is it being done?

3. Have the Indians concerned been consulted?

4. If so, have they approved of the survey, and what agreement has been drawn up?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. A pre-engineering survey of the existing 2.8 miles of road, known as the Middle road, in the Oka settlement has been completed.

2. The location survey of the road was carried out under the direction of the division engineer of the provincial highways department on behalf of the Indian residents, and at the request of the Indian affairs branch.

3. Yes, the survey has been authorized by resolution of the elected band council representing the Oka Indians.

4. Written agreements have been concluded with all Indian property owners whose lands are required for road purposes. Each property owner will receive compensation after reconstruction has been completed and a legal survey undertaken to establish the precise land areas involved.

MONTREAL, P.Q.—ENGLISH SPEAKING EMPLOYEES IN POST OFFICE

Question No. 2,149—**Mr. Irvine:**

1. How many English-speaking people are employed in the Windsor Street post office in Montreal?

2. How many French-speaking people are employed in this same post office?

3. How many people of other ethnic origins are employed in this same post office?

4. What is the total number of employees in this same post office and how many of such number are bilingual (speaking English and French)?

Hon. Jean-Pierre Côté (Postmaster General): 1. 67 employees speak English only.

2. 770 employees speak French only.

3. 83.

4. 3,221 (total)—2,384 (bilingual).

Note: This reply is for postal employees in the Montreal post office and the Montreal postal district which are both located in the Windsor Street post office.

FEDERAL GRANTS TO FACULTIES OF MEDICINE

Question No. 2,183—**Mr. Isabelle:**

Does the government make grants to faculties of medicine of various universities in Canada and, if so, are there any minimum standards demanded by the government of those faculties and, what are the standards set for the admission of students to the faculties of medicine at (a) Laval University, (b) Montreal University, (c) McGill University, (d) Toronto University, (e) University of British Columbia (f) Saskatchewan University?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Department of National Health and Welfare as follows: Under the health grants federal assistance is provided for projects submitted by the provinces for provincial health programs which may include the support of training, research and clinical services provided by or under the supervision of the faculties of medicine of Canadian universities. Under the new health resources fund, federal assistance will also be provided to projects submitted by the provinces for the construction and renovation of buildings for teaching and research in faculties of medicine. (a) to (f) Faculties of medicine are developed and operated under the authority of the provinces. Federal standards have not been established for the admission of students.

*OWNERSHIP OF PERPETUAL BONDS

Question No. 2,187—**Mr. Rynard:**

1. Has an analysis been made of the present ownerships of the government of Canada perpetual bonds issued in 1936 in the amount of $55,000,000?

2. Has an estimate been made of the capital gains which would accrue to present holders of these bonds who are not the original purchasers or heirs or trustees of the original bonds if they were redeemed at their par value?

3. What is the estimate of capital gains which would accrue to present holders of these bonds who were not the original purchasers or heirs or trustees if the interest rate was raised above 3 percent?

[*Translation*]

Mr. Jean Chrétien (Parliamentary Secretary to Minister of Finance and Receiver General): On September 15, 1966 there were 4,698 registered holders of perpetual bonds, of whom 330 were original registrations. The total registered holdings accounted for about $27,500,000 par value of which the 330 original registrations accounted for approximately $700,000 par value. It is not known how many bearer bonds totalling approximately $27,500,000 are still in the hands of original purchasers. Since the date of issue, September 15, 1936, the perpetual bonds have changed hands at many prices within the range of about $50.00 and $104.00 per $100.00 par value. The various prices at which present perpetual bond holders, other than original purchasers, purchased their bonds cannot be determined. Consequently, it is not possible to estimate the amount of capital gains which

would accrue if the perpetual bonds were redeemed at par or if the coupon rate of 3 per cent were raised. However, as noted by the Minister of Finance in the house on October 5 purchases of perpetual bonds in recent years have been made at market prices which were substantially below the original issue price of $96.50 per $100.000 par value.

[*English*]

CAUSEWAY STAGE OF NORTHUMBERLAND CROSSING

Question No. 2,198—**Mr. Macquarrie:**

1. When is it intended to call for tenders for causeway stage of the Northumberland crossing between Prince Edward Island and New Brunswick?

2. What is the estimated time for completion of this phase?

3. What is its total length?

4. Has there been a delay in the estimated time or call of tenders and, if so, what are the reasons for such delay?

Hon. G. J. McIlraith (Minister of Public Works): 1. January, 1967.

2. Two years.

3. About 11,700 feet.

4. There has been no delaying; however, tenders cannot be invited before an agreement on sales taxes has been made with the provinces.

HOUSING STARTS IN ATLANTIC PROVINCES

Question No. 2,248—**Mr. Bell (Saint John-Albert):**

What was the total of housing starts in New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island in each year since 1960 with separate figures on urban construction, particularly N.H.A. direct, indirect (insured), and conventional financing?

Hon. J. R. Nicholson (Minister of Labour): Data on housing starts in New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island since 1960, showing housing starts in urban areas separately, are given in Table 1 below.

Data on housing starts by source of financing for individual provinces are not available, but data for the Atlantic region are given in Table 2 below. Data on N.H.A. financing of housing in the four provinces since 1960, showing loans approved by lenders and the corporation separately, are given in Table 3 below.

TABLE 1

DWELLING STARTS, ATLANTIC PROVINCES,
1960—SEPTEMBER, 1966
(DWELLING UNITS)

Period	Urban Centres of 5,000 Population and Over	Other Areas	Total
	NEWFOUNDLAND		
1960	306	1,720	2,026
1961	426	1,428	1,854
1962	664	906	1,570
1963	721	1,086	1,807
1964	600	1,432	2,032
1965	692	972	1,664
Jan.–Sept.			
1965	430	909	1,339
1966	750	742	1,492
	PRINCE EDWARD ISLAND		
1960	64	208	272
1961	483	427	910
1962	77	300	377
1963	77	452	529
1964	126	247	373
1965	86	557	643
Jan.–Sept.			
1965	68	371	439
1966	97	228	325
	NOVA SCOTIA		
1960	1,496	2,551	4,047
1961	1,545	2,136	3,681
1962	1,769	1,420	3,189
1963	1,803	1,154	2,957
1964	2,060	1,878	3,938
1965	2,047	1,761	3,808
Jan.–Sept.			
1965	1,466	1,334	2,800
1966	1,051	1,087	2,138
	NEW BRUNSWICK		
1960	800	980	1,780
1961	1,099	979	2,078
1962	1,199	1,108	2,307
1963	1,071	598	1,669
1964	2,038	1,006	3,044
1965	1,746	1,083	2,829
Jan.–Sept.			
1965	1,314	829	2,143
1966	819	1,074	1,893

TABLE 2

DWELLING STARTS BY PRINCIPAL SOURCE OF FINANCING 1960-1965
ATLANTIC REGION

Period	National Housing Act			Conventional Institutional Loans	Other Financing	Total
	Approved Lender Loans	CMHC Loans	Other N.H.A. Financing			
1960	752	602	324	1,532	4,915	8,125
1961	1,071	1,183	151	1,813	4,305	8,523
1962	1,006	651	65	2,668	3,053	7,443
1963	591	613	99	3,146	2,513	6,962
1964	663	836	179	4,440	3,269	9,387
1965	380	1,071	101	4,027	3,365	8,944

TABLE 3

NET NHA FINANCING OF NEW HOUSING, ATLANTIC PROVINCES,
1960-1965 (DWELLING UNITS)

Period	Mortgage Loans		Other NHA Financing	Total NHA Financing
	Approved Lenders	CMHC		
		Newfoundland		
1960	12	58	—	70
1961	49	216	—	265
1962	18	182	—	200
1963	9	279	—	288
1964	2	152	—	154
1965	6	463	210	679
Total 1960-1965	96	1,350	210	1,656
		Prince Edward Island		
1960	6	48	10	64
1961	26	33	93	152
1962	6	16	10	32
1963	11	12	6	29
1964	9	55	—	64
1965	3	55	—	58
Total 1960-1965	61	219	119	399
		Nova Scotia		
1960	399	435	351	1,185
1961	513	556	94	1,163
1962	434	203	88	725
1963	293	160	51	504
1964	127	234	231	592
1965	84	339	87	510
Total 1960-1965	1,850	1,927	902	4,679
		New Brunswick		
1960	285	292	100	677
1961	516	303	—	819
1962	588	171	94	853
1963	360	230	103	693
1964	517	436	—	953
1965	269	397	—	666
Total 1960-1965	2,535	1,829	297	4,661

[Mr. Nicholson.]

CORDWOOD SHIPMENTS TO U.S.

Question No. 2,270—**Mr. Reid:**

1. In the past 20 years, what is the yearly quantity and type of wood in cords shipped from Canada to the state of Minnesota, U.S.A.?

2. What percentage of this wood is cut from Crown land and what percentage is cut from private land?

3. Does the state of Minnesota export wood to Canada?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Trade and Commerce and Forestry and Rural Development as follows:

1, 2 and 3. The information requested is not available as commodity data on imports from and exports to the United States are not compiled by state.

HAY PERMITS IN RIDING MOUNTAIN PARK

Question No. 2,282—**Mr. Mandziuk:**

1. How many hay permits were issued by the Department of Northern Affairs in the Riding Mountain National Park during the year 1966?

2. How many grazing permits were issued in the said park during the current year?

3. How many head of cattle and horses were grazed in this park in 1966?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. 22.

2. 54.

3. 1,264 cattle under permits. At June 1st an estimated 1,000 cattle grazed without permits. This number was reduced through the enforcement of national parks regulations to 150 by September 15, and it is expected that grazing without permits will be negligible in future years.

12 horses.

CARTER-BRÉBOEUF PARK—REQUEST FROM PROVINCIAL GOVERNMENT

Question No. 2,289—**Mr. Duquet:**

1. Did the federal government receive an official request from the government of the province of Quebec regarding the national park now known as the Cartier-Bréboeuf park, and, if so, in what year?

2. Who granted the land to the federal government for the above mentioned national park?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. No.

2. The area of the municipal park known as Cartier-Bréboeuf park was granted to the federal government by the city of Quebec. The province of Quebec transferred a portion of the river bed of the Lairet and the Quebec city development board has provided land on both sides of the Lairet.

Further land is in the process of transfer from the city.

GASPÉ, P.Q.—OPENING OF PARK

Question No. 2,290—**Mr. Duquet:**

Did the federal government receive an official request from the government of the province of Quebec for the opening of a national park in the Gaspé region and if so, in what year was the request approved or rejected?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): No.

GASPÉ, P.Q., HISTORICAL SITE

Question No. 2,291—**Mr. Duquet:**

Has the federal government, since 1950, received an official request from the government of the province of Quebec for an historical site in the Gaspé region and if so, in what year was the request made and to commemorate what event?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): No.

DEVELOPMENT OF HYBRID SALMON

Question No. 2,302—**Mr. Crouse:**

1. Has any action been taken by the Department of Fisheries to develop a hybrid salmon similar to the one produced by American fisheries biologists in the state of Washington and, if so, what action has been taken?

2. Is the Department of Fisheries in touch with this development and following it actively and, if so, when may transplants be expected in Nova Scotia rivers?

Hon. H. J. Robichaud (Minister of Fisheries): 1. No.

2. The department is aware of the development but there are no plans for transplants to Nova Scotia rivers.

CHILDREN RECEIVING BENEFITS FROM FAMILY ALLOWANCES

Question No. 2,305—**Mr. Latulippe:**

1. What was the total number of children under 16 years of age who benefited from Family Allowances in (a) 1946 (b) 1966?

2. What was the total annual cost of Family Allowances paid in (a) 1946 (b) 1966?

[*Translation*]

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. (a) As at December, 1946, $3,456,503; (b) As at November, 1966 (latest figures available), $6,877,313.

2. The figures below are by fiscal year: (a) $245,701,684, 1946-47; (b) $551,734,824, 1965-66 (latest figures available.)

PUBLIC BUILDINGS IN QUEBEC MUNICIPALITIES

Question No. 2,316—**Mr. Ricard:**

What was the total cost of the purchase of sites and of the construction of the federal buildings in (a) Saint Hyacinthe (b) Saint Pie de Bagot (c) Saint Germain de Grantham?

[*Translation*]

Hon. G. J. McIlraith (Minister of Public Works): (a) Saint-Hyacinthe, Site $150,000, (Federal Building); Construction, $631,330.68 (Federal Building); (b) Saint-Pie-de-Bagot, Sites, $2,800, (Post Office Bldg.), $83,000, (Penitentiary), Construction $18,443.96 (Post Office Bldg.); (c) Saint-Germain-de-Grantham, Site, $4,000 (Post Office Bldg.), Construction $22,-698.21, (Post Office Bldg.).

[*English*]

HAMPSTEAD, N.B., WHARF REPAIRS

Question No. 2,359—**Mr. Fairweather:**

1. Who was the successful bidder for tender number 66-73 for repairs to the wharf at Hampstead, New Brunswick?

2. What was the amount of the bid?

3. What was the total amount of money paid for this contract?

Hon. G. J. McIlraith (Minister of Public Works): 1. Kenneth Ducey, Hatfield's Point, N.B.

2. $2,907.90.

3. $2,907.90.

QUESTIONS PASSED AS ORDERS FOR RETURNS

DEFICITS ON FERRY SERVICES

Question No. 2,045—**Mr. Chatterton:**

1. In the case of each of the following ferry services: (a) Newfoundland Ferry Service between North Sydney, N.S. and Port aux Basques and other Island points (b) the P.E.I. Car Ferry Service between Cape Tormentine, N.B., and Borden, P.E.I. (c) Nova Scotia-New England Ferry Service between Yarmouth, N.S., and Bar Harbour, Maine, (i) what were the annual operating deficits paid by the Canadian taxpayer for each of the last three fiscal years (ii) what was the capital contribution by the Canadian government towards the cost of the vessels and all ancillary services, e.g., wharves, dredging, etc.; and what was the approximate percentage of such contribution of the total capital cost; what arrangement exists for capital depreciation or reimbursement to the Canadian government of such contribution; what was the basis of establishing such contribution (iii) what is the current ferry charge for passengers and vehicles between the principal ports of call?

2. In the case of the proposed North Sydney-Argentia Ferry Service (i) what is the total capital contribution by the federal government towards cost of vessels and all ancillary works, e.g., wharves, dredging, etc. (ii) what percentage is this contribution of the total capital cost and what was the basis for establishing this contribution (iii) what is the anticipated fare for passengers and vehicles?

3. Has the Canadian government contributed to the capital cost and operating deficits of any ferry system on the Pacific Coast and, if so, to what systems and how much?

Return tabled.

COSTS OF PERIODICALS

Question No. 2,222—**Mr. Reid:**

Regarding the (a) Department of Labour periodicals Teamwork in Industry, Rehabilitation in Canada, Technical and Vocational Education in Canada (b) Department of Fisheries periodicals Canadian Fish Culturist, Trade News (c) National Research Council periodical NRC News (d) Department of Indian Affairs and Northern Development periodical North (e) Secretary of State periodical Citizen (f) Emergency Measures Organization periodical EMO National Digest (g) Department of National Health and Welfare periodicals Canada's Health and Welfare, Occupational Health Review, Canadian Nutrition Notes, Canada's Mental Health (h) Department of Trade and Commerce periodicals Foreign Trade, Canada Courier:

1. What is the annual cost to the department or agency concerned for each of these periodicals?

2. How many subscriptions are there to each of the above periodicals?

3. What is the Act of Parliament which authorizes or provides for the publication of each of these periodicals?

4. Are any of the editorial boards of these periodicals nominated or appointed because of their affiliation with any private voluntary organizations and, if so, which organizations?

5. With respect to the activities or policy area covered by these periodicals, is there a policy advisory council or committee established within the Department having among its members persons nominated by or appointed because of their affiliation with, any private voluntary organization and, if so, which organizations?

Return tabled.

Mr. Starr: Mr. Speaker, I have a question of privilege. The answers being given a few moments ago by the parliamentary secretary to the Minister of Finance were rendered in such a rapid-fire manner that I think the translators were having difficulty in translating them into English. I would ask that it be done more slowly in the future.

Mr. Jean Chrétien (Parliamentary Secretary to Minister of Finance): Mr. Speaker, I gave an English copy of that text to the translator. I do not know whether the messenger took it to the right booth, but that is another matter.

[*Translation*]

MOTIONS FOR PAPERS

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): Mr. Speaker, notices of motions for papers Nos. 195, 196 and 197 are acceptable to the government.

Notice of motion No. 187 is acceptable to the government, subject to the reservations concerning privileged papers and the authorization of the governmental authorities concerned.

[*English*]

Mr. Speaker: Is it the pleasure of the house that notices of motions for the production of papers numbered 195, 196 and 197 be deemed to have been adopted?

Some hon. Members: Agreed.

EDWARD ELROY HUNT—INQUEST PROCEEDINGS

Motion No. 195—**Mr. Howard:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of the transcript of the proceedings before the jury empanelled to inquire into the circumstances touching the death of Edward Elroy Hunt, an inmate of the B.C. penitentiary who died on June 26, 1966.

Motion agreed to.

EDWARD ELROY HUNT—FINDINGS OF CORONER'S JURY

Motion No. 196—**Mr. Howard:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of the report, findings and recommendations of the jury empanelled to inquire into the circumstances touching the death of Edward Elroy Hunt, an inmate of the B.C. penitentiary who died on June 26, 1966.

Motion agreed to.

PRUDENTIAL FINANCE CORPORATION—CORRESPONDENCE FROM WILLIAM GRUBER

Motion No. 197—**Mr. Orlikow:**

That an order of the house do issue for copies of all correspondence received by the Minister of Finance, the Superintendent of Insurance, the Superintendent of Bankruptcy or officials in their departments, from William Gruber of Toronto, regarding the Prudential Finance Company, and replies sent by government officials to such letters, since January 1, 1964.

Motion agreed to.

[*Translation*]

Mr. Béchard: Would Your Honour be kind enough to call notices of motions Nos. 185, 186, 189 and 190?

I ask that the other notices of motions be allowed to stand.

CORRESPONDENCE BETWEEN THE POST OFFICE DEPARTMENT AND CITIZENS OF THE COUNTIES OF COMPTON AND FRONTENAC

Motion No. 185—**Mr. Latulippe:**

That an order of the house do issue for a copy of all correspondence between the Post Office Department and persons from the counties of Compton and Frontenac, since January 1, 1963, in connection with changes in (a) postmasters (b) contracts relating to rural mail delivery (c) the award of contracts for the construction of new post offices and to the purchase of sites.

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, this motion is acceptable as far as the part coming under the Post Office Department is concerned, subject to the reservations concerning privileged papers.

Mr. Speaker: Subject to the reservations and conditions expressed by the minister, is it the pleasure of the house that notice of motion No. 185 be deemed to have been adopted?

Some hon. Members: Agreed.

Motion agreed to.

CORRESPONDENCE EXCHANGED BETWEEN THE DEPARTMENT OF THE SECRETARY OF STATE OR THE SECRETARY OF STATE AND "TELEPHONE DU NORD DU QUÉBEC LIMITÉE"

Motion No. 186—**Mr. Laprise:**

That an order of the house do issue for a copy of all letters, telegrams or other documents exchanged between the Department of the Secretary of State, the Secretary of State or any official of that department and Téléphone du Nord de Québec Limitée, and Gagnon Télévision Limitée, since 1964.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I have no objection to this motion, but I wish to advise the hon. member

that no letter, telegram or other document has been exchanged between my department, myself or any official of my department and "Téléphone du Nord de Québec Limitée" and "Gagnon Télévision Limitée", since 1964.

Since I have no document to produce, I would ask the hon. member to withdraw his motion.

Mr. Speaker: Is the motion withdrawn?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

[*English*]

TERRACE, B.C., AIRPORT ALTERATIONS

Motion No. 187—**Mr. Howard:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all telegrams, correspondence and other documents exchanged between the Minister of Indian Affairs and Northern Development or the Minister of Northern Affairs and National Resources since January 1, 1966, and any other person, government or group relating to, or within which is contained reference to, the airport or airport buildings at Terrace, B.C. or any part of it or them and any proposed additions or alterations thereto.

Mr. Speaker: Is it the pleasure of the house to adopt the said motion, subject to the ordinary reservations as to confidential documents and the authorization of the government concerned?

Some hon. Members: Agreed.

Motion agreed to.

MERCANTILE BANK—EXCHANGE OF NOTES

Motion No. 189—**Mr. Diefenbaker:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of notes exchanged between Canada and the United States in the last three months on the subject of the Mercantile Bank and on the bank legislation now before the house.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, this is a request for the production of an exchange of notes between Canada and the United States. I am sure that my right hon. friend will agree that such notes are privileged and on that account cannot be produced. I would therefore ask my right hon. friend kindly to withdraw the motion if he is so disposed.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I am not so disposed because that is not the rule. I wish to refer Your Honour to the various authorities on this question and make reference to the fact: The hon. gentleman who has just spoken made a statement on February 2, 1966 as reported on page 602 of *Hansard*.

[Miss LaMarsh.]

Mr. Martin (Essex East): Mr. Speaker, I had not understood that motions of this sort were debatable. That being the case I am sure my right hon. friend, who usually observes the rules so carefully, would agree that this should not be proceeded with.

Mr. Diefenbaker: Mr. Speaker, I am asking you to make a ruling on this. I was quoting the hon. gentleman's own words, and of course he does not like to have them quoted back to him. On February 2 there was a motion for production of a copy of a letter or letters written by the President of the United States asking for Canadian military assistance or any other kind of assistance in reference to the conflict in Viet Nam, to which the hon. gentleman replied:

There is no objection to accepting this motion, but it can, of course, be done only with the usual reservation, in this case the usual reservation being the necessity for obtaining the concurrence of the President of the United States.

So on the authorities, Mr. Speaker, these documents are not privileged. The only privilege—

Mr. Martin (Essex East): That is not a point of order.

Mr. Speaker: Order. I understood the Leader of the Opposition was rising on a point of order; that is why I heard the argument he submitted. With respect, I am sure the right hon. gentleman accepts the views expressed by the Secretary of State for External Affairs that the motion is not debatable—

Mr. Diefenbaker: I am not debating the motion.

Mr. Speaker:—and that the minister is right to ask that it be transferred for debate—

Some hon. Members: No, no.

Mr. Speaker:—at which time I suggest the argument being submitted by the Leader of the Opposition would be pertinent.

Mr. Diefenbaker: Mr. Speaker, there was no request by the minister that it be transferred for debate. In this matter the house is being denied information which is made available in the United Kingdom whenever requested.

Mr. Speaker: I must ask the minister whether it was his request that it be transferred for debate.

Some hon. Members: Oh, oh.

Mr. Speaker: I will put the motion.

The house divided on the motion (Mr. Diefenbaker) which was negatived on the following division:

YEAS

Messrs:

Aiken
Alkenbrack
Allard
Baldwin
Ballard
Barnett
Bell (Saint John-Albert)
Bower
Brewin
Cameron (Nanaimo-Cowichan-The Islands)
Chatterton
Churchill
Crouse
Danforth
Diefenbaker
Dionne
Enns
Fane
Fawcett
Forrestall
Fulton
Gilbert
Godin
Grafftey
Grills
Gundlock
Hamilton
Hees
Horner (Acadia)
Howard
Howe (Hamilton South)
Irvine
Knowles
Korchinski
Lambert
Langlois (Mégantic)
Latulippe
Leboe
Lewis
Loney
MacLean (Queens)
McKinley
Madill
Mather
Mongrain
Monteith
More
Nasserden
Nielsen
Pascoe
Patterson
Peters
Prittie
Rapp
Régimbal
Ricard
Rynard
Saltsman
Schreyer
Scott (Victoria (Ont.))
Simard
Starr
Thompson
Wadds (Mrs.)
Webb—65.

NAYS

Messrs:

Asselin (Richmond-Wolfe)
Badanai
Basford
Batten
Béchard
Beer
Benson
Berger
Blouin
Boulanger
Byrne
Cadieux (Terrebonne)
Cantin
Cardin
Chatwood
Choquette
Chrétien
Clermont
Comtois
Côté (Longueuil)
Crossman
Davis
Deachman
Drury
Dubé
Duquet
Émard
Forest
Gendron
Gray
Greene
Guay
Haidasz
Hellyer
Hopkins
Hymmen
Isabelle
Lachance
Laflamme
Laing
LaMarsh (Miss)
Lamontagne
Langlois (Chicoutimi)
Laniel
Laverdière
Leblanc (Laurier)
Lefebvre
Legault
Lessard
Lind
Loiselle
Macaluso
MacEachen
Mackasey
McIlraith
McWilliam
Matheson
Matte
Morison
Munro
Neveu
Nicholson
O'Keefe
Orange
Otto
Pearson
Pelletier
Pennell
Pépin
Pickersgill
Pilon
Prud'homme
Reid
Richard
Rideout (Mrs.)
Rinfret
Robichaud
Rochon
Rock
Roxburgh
Sharp
Stafford
Stanbury
Stewart
Tardif
Teillet
Thomas (Maisonneuve-Rosemont)
Trudeau
Tucker
Turner
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan
Yanakis—95.

Mr. Speaker: I declare the motion negatived.

Mr. Martin (Essex East): Mr. Speaker, I was paired. Had I voted I would have voted against the motion.

Mr. Cameron (High Park): Mr. Speaker, I was paired with the hon. member for Melville (Mr. Ormiston). Had I voted I would have voted against the motion.

Mr. Sherman: Mr. Speaker, I was paired with the hon. member for Port Arthur (Mr. Andras). Had I voted I would have voted for the motion.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I rise on a point of order. I think there ought to be a word said about this vote because it involves an issue that certainly is not clear, in the nature of the vote itself. It seems to me that this motion should have been transferred for debate because it involves an issue that reaches right into the heart of our national and economic autonomy, where Wall street financial interests moved directly through to the United States state department and, in so doing, were practising the kind of imperialism which seeks to bring pressure to bear on Canada—pressure which we do not need or want—

Mr. Speaker: Order please. I cannot agree with the hon. member for Red Deer (Mr. Thompson) that this is a point of order. It seems to me that in the remarks he is making he is reflecting on the vote of the house, which

was a decision of the house taken on the request that the motion be put. The motion was put; a decision was reached by the house. The reflections of the hon. member, or his comments, might have been acceptable in the course of debate, but in view of the fact that there was no debate I suggest his remarks cannot be made at this time on a point of order.

DOMINION MARINE ASSOCIATION—APPLICATION OF LABOUR (STANDARDS) CODE

Motion No. 190—**Mr. Howard:**

That an order of the house do issue for a copy of all correspondence, telegrams or other documents exchanged between the government or any agency or department thereof and the Dominion Marine Association dated on or about November 22, regarding the application or deferment of, or relating to Part I of the Canada Labour (Standards) Code.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, this motion is acceptable to the government and the correspondence can be filed forthwith or very shortly. In fact I have already given the hon. member a copy of the letter.

Mr. Speaker: Is the motion deemed to have been adopted by the house?

Some hon. Members: Agreed.

Motion agreed to.

BANKRUPTCY

NORTH AMERICAN GENERAL INSURANCE COMPANY—CHARGES FOLLOWING DISAPPEARANCE OF SECURITIES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, my question is directed to the Solicitor General. It has to do with the disappearance of $529,000 in securities from the custody of the North American General Insurance, termed by the Minister of Finance a theft. I should like to ask the Solicitor General whether this is being investigated by the R.C.M.P. Has any charge been laid regarding the disappearance of that very considerable sum and, if no action has been taken as yet by the R.C.M.P., what communications have taken place which obviate or explain the reason for such a long delay?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I have no personal knowledge of the matter referred to by the right hon. Leader of the Opposition. However, perhaps I may be permitted to comment that, as the house is well aware, the administration of justice generally falls within the jurisdiction of the provinces and theft, I feel, would be a matter to be dealt with by the provincial authorities. However, as I have indicated, I have no personal knowledge but would be pleased to make inquiries.

Mr. Diefenbaker: Mr. Speaker, the minister of course knows that the company from which the alleged theft took place is a dominion incorporated insurance company, and as such is the responsibility of the federal government. In this connection I would suggest that the minister look into the question of prosecution.

Mr. Frank Howard (Skeena): Mr. Speaker, I have a supplementary question. May I ask the Solicitor General whether he would not be well advised to follow the example set by his colleague, the Minister of Justice, who now is prosecuting, for violation of the Criminal Code, some persons in the province of Quebec in respect of certain activities they were alleged to have been engaged in.

Mr. Speaker: The hon. member for York South.

INDUSTRY

CANADA-U.S. AUTOMOTIVE AGREEMENT—ENTITLEMENT TO TRANSITIONAL BENEFITS

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I have a question for the Minister of Labour. I should like to ask the hon. minister whether he has received a letter from Mr. George Burt, the Canadian director of the United Automobile Workers, protesting against the minister's proposal that the transitional assistance benefits be paid only after the supplementary unemployment benefits have been exhausted by laid off employees as a result of the Canada-U.S. agreement. If he has received the letter, would he inform the house whether this policy has been definitely decided upon and whether regulations to this effect are in preparation or have been adopted.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I have received such a letter. Government policy in this matter was announced in the house some weeks ago, after discussions with Mr. Burt and some of his colleagues, and after extended discussion with his executive assistant, who remained here and participated in the detailed discussions

before the announcement was made in the house. Regulations have been drafted and if they have not yet gone to the cabinet for consideration, they will be submitted within the next day or two.

Mr. Lewis: May I ask a supplementary question, Mr. Speaker? Perhaps I should know—and I apologize if I should and do not—but would the minister inform the house whether unemployed people would have to exhaust their supplementary unemployment benefits before becoming entitled to the transitional assistance benefits under the regulations which have been drafted.

Mr. Nicholson: The amended regulations I hope will be published within a matter of a few days. I do not think answering this question before then, and having an extended debate on it, would be fitting on the orders of the day, at least until the regulations have been published.

EXTERNAL AFFAIRS

MERCANTILE BANK—INTERFERENCE BY U.S. STATE DEPARTMENT

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is for the Secretary of State for External Affairs. I should like to ask whether or not the Canadian government made any protest to the United States state department against the interference with Canadian policies relating to the operations of the Mercantile Bank.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, there have been of course very full discussions between the two governments. The last note of the state department which was received on November 11, will shortly be replied to.

IMMIGRATION

VISITING PRIVILEGES OF CENTRAL EUROPEANS

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, my question is addressed to the Minister of Manpower and Immigration. In view of the large number of rejections of applications for visiting privileges in Canada by people from central European countries, particularly countries such as Poland, I should like to ask the minister whether this is as a result of government policy or whether it is based on the minister's prerogative.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I think we are applying exactly the same policy which has been applied for years and years.

FINANCE

LEGISLATION RESPECTING DEPOSIT INSURANCE

On the orders of the day:

Hon. J. W. Monteith (Perth): Mr. Speaker, I should like to ask a question of the Minister of Finance. Some time ago he intimated to the house that he was hopeful that his deposit insurance legislation would be given first reading before the recess. Apparently this has been impossible, but I wonder whether the minister could give us any further information on this.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, yesterday I received the bill in proper form, and therefore I can assure the house that it will be on the order paper right at the resumption of the session.

PUBLIC SERVICE

TERMS OF REFERENCE OF COMMITTEE TO CONSIDER RETIREMENT PENSIONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, perhaps the President of the Treasury Board would not mind if I ask this question of the government house leader. In view of the fact that all of us seem to be agreed to the proposition of amending the terms of reference of the joint committee on the public service to deal with the matter of the pensions of retired civil servants, can the house leader say how soon this will be attended to.

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, perhaps I might answer the question. This government, of course, always has been vitally concerned with the welfare of civil servants and retired civil servants. As I have indicated, we intend to proceed with this matter as soon as I am persuaded that a few other people would allow it to go through the house without debate.

Mr. Knowles: Is the minister not aware that those concerned are prepared to let it go through the house without debate?

Mr. Benson: All I am aware of is that my hon. friend speaks for himself.

Inquiries of the Ministry

CANADIAN ECONOMY

SUGGESTED MEASURE TO ENCOURAGE EMPLOYMENT IN CENTENNIAL YEAR

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, my question is for the Minister of Finance. In view of the two latest forecasts that the economy will slow down next year, made yesterday by the minister of finance for the province of Ontario and by the minister's own deputy minister, Mr. Bryce, would the government give consideration to introducing a measure to stimulate the economy so that we do not celebrate our centennial year here with rising unemployment.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I can confirm what is reported in the paper concerning what my deputy minister said at the meeting of the provincial ministers of finance yesterday. He said at that time that we could expect an increase in the volume of production in Canada next year of approximately 4 per cent. This is about the same as the increase the United States authorities are now expecting in that country.

May I draw the attention of the house and my hon. friend to the statement made by the Economic Council in its third annual report:

By early 1966, it was therefore clear that an adjustment to a more moderate and sustainable rate of growth was necessary.

Mr. Hees: May I ask a supplementary question, Mr. Speaker? Does the minister not realize that his deputy minister forecast a reduction in our growth of about two thirds, from 6 per cent to 4 per cent?

Mr. Speaker: Order.

ADMINISTRATION OF JUSTICE

VANCOUVER B.C.—ARRESTS BY U.S. SERVICE POLICE

On the orders of the day:

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I wish to refer to the question of the right hon. the Leader of the Opposition on Friday, December 2, with respect to certain allegations that United States authorities were checking in Vancouver for deserters from the United States armed forces. I am informed that the persons who believed that the United States authorities were conducting such inquiries in Vancouver were interviewed by the R.C.M.P. and were not able to confirm that the persons suspected were in fact acting on behalf of the United States authorities.

[Mr. Benson.]

I am further advised that the R.C.M.P. made inquiries of the F.B.I. and were informed that the F.B.I. had not conducted any such operation. They were told that the F.B.I. inquiry of the United States department of defence did not disclose any connection on the part of the United States military authorities with these allegations.

INQUIRY OF THE MINISTRY

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have a question for the Secretary of State for External Affairs. What plans has the minister in mind for 1967 to re-establish Canada's prestige abroad in view of—

Some hon. Members: Oh, oh.

Mr. Churchill:—in view of the failure in 1966 of the minister's efforts in respect of Rhodesia, Viet Nam, the two Chinas and the United Nations peace keeping forces?

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. It may be that the minister would like to reply to the question on a question of privilege, but I doubt if this question is in order.

WATER RESOURCES

PARTICIPATION BY CANADA IN "WATER FOR PEACE" CONFERENCE

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, there is a matter I should like to take up with the Minister of Energy, Mines and Resources. In view of the fact this is the last time we will have the opportunity of obtaining information prior to the new year, I should like to ask the minister to advise the house in respect to the present position regarding President Johnson's proposed "Water for Peace" conference, and in particular whether Canada has received or accepted an invitation to attend. Will Canadian representatives be instructed to take a firm position against any commitment to divert Canadian waters until Canada's own needs are ascertained and assured for the future?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, a paper on this subject will be presented to the cabinet tomorrow and an announcement will be made early next year. There is no doubt we will participate, but the extent and the form of that participation will be defined later.

UNITED NATIONS

CYPRUS—REQUEST TO MAINTAIN PEACE KEEPING FORCE

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Will he inform the house whether or not the Canadian government has accepted the request of the Secretary General of the United Nations to maintain its peace keeping contingent in Cyprus, in view of the recently renewed Security Council six months mandate?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the Security Council has renewed the United Nations commitment in Cyprus for a period of six months from December 26. I hope the hon. member for Winnipeg South Centre will not regard this as a further indication of failure, when I say that the Canadian government believes firmly in the concept of the United Nations peace keeping, and has decided to continue to serve in the Cyprus force from December 27 until June 26 next year, the period set for the renewed mandate.

SOUTH KOREA—WITHDRAWAL OF FORCES

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, yesterday the hon. member for Okanagan-Revelstoke asked the Prime Minister a question as a follow-up to another question concerning whether or not Canada had announced its position regarding two resolutions proposed at the United Nations in relation to the withdrawal of the United Nations forces from the demilitarized zone in Korea. Has the Prime Minister any answer to that question?

Right Hon. L. B. Pearson (Prime Minister): There were two resolutions presented to the United Nations assembly on December 16 regarding this subject. One was proposed by certain communist delegates and was to the effect that the United Nations should withdraw from Korea. That resolution was defeated. The other resolution, of which Canada was a co-sponsor, was to the effect that United Nations forces should remain in Korea until the government of Korea asked for a withdrawal or until conditions make it possible to do so. Of course Canada voted in favour of that resolution.

Inquiries of the Ministry

[*Translation*]

TRADE

SOUTH KOREA—AGREEMENT RESPECTING TEXTILE QUOTA

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs.

In view of the treaty signed yesterday by Canada and South Korea, have quotas been set for textiles entering Canada from Korea?

Hon. Paul Martin (Secretary of State for External Affairs): The Minister of Trade and Commerce will table tomorrow the text of the treaty and I invite my colleague, the hon. member, to study it well.

Mr. Ricard: Mr. Speaker, I would like to ask a supplementary question. I would like the minister to put the answer on the order paper because tomorrow we will not be here to examine it.

[*English*]

NATIONAL CAPITAL COMMISSION

COMMITTEE TO DEAL WITH SUGGESTIONS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I should like to direct a question to the Minister of Public Works in his capacity as the minister who reports for the National Capital Commission. Having in mind the increased interest in our national capital, will the minister give consideration to the establishment of a committee of this house which could meet annually to concern itself with suggestions of all Canadians regarding the national capital?

Hon. G. J. McIlraith (Minister of Public Works): Yes, Mr. Speaker.

Mr. Starr: That is a concise answer.

Mr. Knowles: You sound like Paul Martin.

[*Translation*]

LABOUR RELATIONS

C.N.T.U.—INQUIRY RESPECTING REPORT OF MINISTERIAL COMMITTEE

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I wish to put a question to the right hon. Prime Minister.

Inquiries of the Ministry

It has to do with the preliminary answer given in this house last December 8. At that time I asked the Prime Minister whether the government had received a report from the ministerial committee considering the status of bargaining units and the merits of the C.N.T.U.'s grievances and whether the house could expect a statement very shortly in that respect. The right hon. Prime Minister gave the following reply on December 8:

The matter is under consideration and I hope to be able to make an announcement shortly.

Is the right hon. Prime Minister now in a position to make such an announcement before we adjourn for the Christmas recess?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am sorry I cannot say more at this time than that this matter is still being considered. A meeting of a committee of the cabinet was held yesterday and another meeting will be held next week. I sincerely hope when we reassemble I will be able to make a more definitive statement.

WATER RESOURCES

REPRESENTATIONS FROM CITIZENS COMMITTEE ON POLLUTION

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): I should like to direct a question to the Minister of Energy, Mines and Resources. Has he or his department received any report, brief or representation from a group calling itself the Canadian Citizens Committee on Pollution?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Not to my knowledge, Mr. Speaker, but I shall make inquiries. May I observe that the committee first made representations to the province of Ontario which, generally speaking, is responsible for water pollution in that province.

Mr. Aiken: I have a supplementary question. Has the minister been in touch with provincial authorities to discuss financial assistance in respect of water pollution control?

Mr. Pepin: No, Mr. Speaker, not since the conference on pollution held at Montreal. As I already indicated, I hope the members of the Canadian Council of Resource Ministers will meet early in the year to discuss this subject. May I mention that some assistance has already been provided by the Canadian government toward anti-pollution measures through the Central Mortgage and Housing Corporation and income tax regulations.

[Mr. Allard.]

CANADIAN BROADCASTING CORPORATION

ALLEGED INFILTRATION BY SEPARATISTS

On the orders of the day:

Mr. R. E. Régimbal (Argenteuil-Deux-Montagnes): I have a question for the Secretary of State. A few days ago the Montreal weekly, *Dimanche Matin* published the names of employees of the C.B.C. who are active in the separatist movement in Montreal. Can the hon. lady indicate first whether she is familiar with that report, and whether any investigation has been carried out to verify the report?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I thank the hon. member for forwarding a copy of the article, which is to the effect that there has been an infiltration in the Société de Radio Canada by a group of separatists. I am informed that some members are in effect attempting to prevent freedom of speech and association. That is detrimental to this country. Let me remind hon. members that article VIII, subsection 3 states that full-time employees may not give public support to election candidates, or themselves run as candidates.

I can only say from this that it seems to me an individual who works for the C.B.C. is entitled, as is every Canadian, to have his own personal views about the country. This is a right we all have. But he must be scrupulously careful when holding those views to keep himself completely objective, and not put them forward over the air.

GRAIN

PRINCE RUPERT, B.C.,—FAVOURABLE CONSIDERATION OF REQUEST CONCERNING ELEVATOR

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. I say at the outset that I know beneath his lean and light frame there is a very jolly disposition.

Some hon. Members: Hear, hear.

Mr. Howard: I would like him to exhibit that jolly disposition by making a favourable announcement about the grain elevator in Prince Rupert.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, as the hon. member has now epitomized me as the Cassius of the House of Commons, I should like to cheer his Christmas

a little by telling him that a favourable decision has now been made and an announcement of the terms will be made very shortly.

Mr. Howard: Mr. Speaker, on behalf of the people of Prince Rupert may I thank the minister for this Christmas present.

WINTER WORKS

FURTHER REQUEST FOR STATEMENT AS TO CONTINUITY OF PROGRAM

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I should like to ask the Minister of Manpower and Immigration whether he can reply to the question put the day before yesterday about the municipal winter works program.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I do not know what is going to happen to this program next year. The cabinet will have to make a decision. I think the program will be revised or abandoned.

[*Translation*]

INCOME TAX

REQUEST TO INCREASE PERSONAL EXEMPTIONS

On the orders of the day:

Mr. Gérald Laniel (Beauharnois-Salaberry): Mr. Speaker, I should like to put a question to the Minister of Finance and Receiver General.

Now that the principle of a minimum guaranteed income has been established by Bill No. C-251, does the minister not think that amendments should be made to the Income Tax Act to raise personal exemptions to $1,260 instead of the present $1,000, thus treating all Canadians equally?

Mr. Speaker: The hon. member's question is very general and I really do not think it can be allowed at this time.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I will make my question as brief as possible, because my hon. friend from Vancouver Quadra (Mr. Deachman) also has a very urgent question.

I wish to direct my question to the right hon. Prime Minister, and since this is the last day of the session, I would like to offer him my best wishes and pay tribute to him, on the eve of 1967, as the father of a new Canada.

Mr. Speaker: Order. I should like to remind the hon. member that, particularly on Wednesday, we have only a few minutes at our disposal.

Mr. Choquette: I will be very brief, Mr. Speaker.

[*English*]

Here is the question I have. I would like to ask the Prime Minister whether the government is ready to act upon the recommendation of the consumers credit committee by establishing a department of consumers affairs.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we are giving very careful consideration to the important recommendations of this particular committee, including the one to which my hon. friend has referred.

LABOUR CONDITIONS

BELL ISLAND, NFLD.—REQUEST FOR ASSISTANCE TO UNEMPLOYED MINERS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I do not know to whom I should direct this question. Perhaps the Minister of Labour will accept it. It has to do with the situation on Bell Island and the difficulties of 8,000 Canadians there, many of whom find themselves in a position verging on destitution as they approach Christmas. This situation has existed for several months. What emergency action is the government going to take? Will it make available something in the nature of a federal subsidy, or what will it do so that the several hundred unemployed there will receive equal consideration with Canadians in other parts of the country?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I think direct action in this particular case would have to be taken by the Department of Manpower and Immigration. I do not know whether my colleague, who is in the house, is in a position to answer the question today. Perhaps he can.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, we are doing in Bell Island what we are doing everywhere in the country; we are trying to help those workers. We are ready to grant them allowances so they may find jobs somewhere else. We have counselling services for

them, and we are doing all that we can in the circumstances.

Mr. Diefenbaker: Have any taken advantage of this rather less-than-generous offer to these people who have suffered for a long time, and are suffering particularly at this moment?

Mr. Marchand: If any special measures are to be taken they will have to be decided by the cabinet.

Mr. Diefenbaker: That is a hope.

EXTERNAL AFFAIRS

RHODESIA—GIFT OF FUEL FROM ORGANIZATIONS IN CANADA

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, yesterday my colleague the hon. member for Vancouver-Kingsway asked the Secretary of State for External Affairs a question with regard to the gift of 1,500 gallons of gasoline from Friends of Rhodesia organizations in Canada. The article to which she referred carried a picture with the legend: "The gift indicates the sympathy and support of the Canadian people." The minister promised to look into the matter and read the article. My colleague has gone, and asked me to ask the minister whether he has been able to look into the matter, and has any comments to make about it.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, according to reports which we have received, 1,500 gallons of petrol were turned over to the illegal Smith régime at the end of October by a Mr. Ronald Gostick who was acting on behalf of the Friends of Rhodesia societies in Canada. The article to which the hon. member for Vancouver-Kingsway called my attention itself points out that the delivery of the fuel was made from South Africa.

ADMINISTRATION OF JUSTICE

REMISSION OF SENTENCES DURING CHRISTMAS SEASON

On the orders of the day:

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, I have a question for the Solicitor General. Can the minister inform the house how many other remissions of sentence have been granted for Christmas and the New Year, in addition to the Vancouver labour leaders who were referred to yesterday?

[Mr. Marchand.]

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I am not in a position to give any exact figures, but a considerable number of cases forwarded from various institutions across Canada were considered, and granted clemency under the royal prerogative and approved for pre-Christmas release.

EXPO '67

EDMONTON, ALTA.—FAILURE TO SECURE TRANSPORTATION FOR SCHOOL CHILDREN

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I have a question for the Minister of Transport. Has the minister received a telegram from the centennial co-ordinator of the Edmonton school board protesting the fact that after two months they have not been able to negotiate an agreement with the C.N.R. to take 2,000 Edmonton children to Expo?

Mr. Speaker: Order, please. The question cannot be answered at this time.

NATIONAL ANTHEM

COMMITTEE TO CONSIDER AUTHORIZATION OF "O CANADA"

On the orders of the day:

Mr. Robert Stanbury (York-Scarborough): Mr. Speaker, I have a question for the Prime Minister. I have taken the precaution of not giving him notice of it. In view of the expected adjournment of the house this evening, and the prospect that Canada will be launched anthemless into its centennial year, could the Prime Minister advise the house when and how parliament will get the opportunity to adopt "O Canada" as our national anthem?

Some hon. Members: Hear, hear.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think this matter should be sent to a parliamentary committee for consideration. I hope that a resolution to that effect will be on the order paper when we reconvene, and that we will have this matter settled well before Canada Day in our centennial year.

CANADIAN CONFEDERATION

FURTHER REQUEST FOR OBSERVANCE OF BIRTHDAY OF SIR JOHN A. MACDONALD

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, may I ask the

Prime Minister whether Canada in its centennial year will commemorate the birthday on January 11 of Sir John A. Macdonald the statesman who was recognized by Sir Wilfrid Laurier as the architect of Confederation. A number of schools across Canada have, without any direction or dictation, suggested this as a means of indicating that we in Canada commemorate those who gave us our nation.

Let me point out that party considerations disappear after one dies; that is one of the characteristics of our country. The hon. gentleman from Lotbinière is always abolishing things here, but political considerations are forgotten after one dies.

An hon. Member: They are not forgotten here.

Mr. Diefenbaker: Possibly they are not forgotten by Liberals sitting in the house, but they are forgotten by Liberals in all parts of Canada, and in fact by all people regardless of party affiliation. I ask the Prime Minister whether he will not bring this to the attention of the cabinet.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I can assure my right hon. friend that no one wants to abolish Sir John A. Macdonald, who stands pre-eminent in our history as one of the Fathers of Confederation. I think the suggestion the right hon. gentleman has made, and which has been under consideration for some time now, is a very good one indeed. I think we should act on it.

Mr. Diefenbaker: Will the house allow me to say this to the Prime Minister: Thank you for that recognition and for that answer.

Mr. Knowles: Mr. Speaker, after what has been said here, I move that we adjourn now.

• (3:50 p.m.)

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Tuesday, December 20, consideration in committee of Bill No. C-231 to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

On clause 1—*National transportation policy.*

The Chairman: When the committee rose last evening clause 1 was under discussion.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I do not intend to repeat what I said yesterday. I will limit my comments to the new Canadian Transport Commission, and once more urge the minister to have the proper agency take, as soon as possible, the necessary steps to force the railways to make their stations more presentable, by cleaning up the surroundings and painting the buildings so that the millions of visitors to our country may see something other than a series of slums, since that is what most of our stations are at present; indeed, they seem to belong to another day and age and are in the worst state of neglect.

I would also like to put on record—at the request of a correspondent—the transcript of a complaint which he made to the Board of Transport Commissioners with respect to the C.N.R. I have not had the opportunity to check personally the allegations in the complaint, but I nevertheless wish to put it on the record so that the proper authorities may make the necessary investigations and see if it is necessary to intervene, because the complaint seems serious enough. I repeat that it is the transcript of a complaint forwarded to the Board of Transport Commissioners for Canada; the title reads as follows:

The C.N.R. is threatened with serious dangers.

I am complaining against the C.N.R. which, for the past two or three years, has not been providing adequate protection to train passengers and to its employees.

It is all due to the fact that the C.N.R. has decided to make some changes in the management of stations. It has centralized the work in certain stations and appointed terminal traffic managers, assistant terminal traffic managers, staff supervisors freight sales, to manage and supervise those stations. Those gentlemen are not qualified to fill those positions. They have control over operating agents and operators without having the required qualifications, because those appointed to such positions, express and freight agents, know nothing about the regulations governing the operation of trains.

In addition, those men have authority over agents and operators. It is shameful for the C.N.R. to do such things, because you, the Board of Transport Commissioners, have issued a manual of regulations on railway security that the operators and agents must know and put into practice. Those unqualified men who have authority over agents and operators often give orders against security. I feel that you, the Board of Transport Commissioners, should require the C.N.R. to appoint qualified persons to those positions.

Those terminal traffic managers and others are so ignorant in matters of railway security that they claim that operators must carry out orders last of all, and force them to become clerks.

I must say that with this new change, stations are farther apart, but those that remain have to take a lot of orders. But once again the terminal traffic managers—

Mr. Chairman, I apologize if that copy is not very clear.

—and the others do not seem to be aware of it and they are burdened with clerical work, which makes the position of operator most dangerous.

I trust you will take my letter into consideration, that you will demand of the C.N.R. that it appoint qualified people to supervise operating agents and operators.

If you do not obtain that from the railways, we can then expect the worst slaughters.

It is signed:

From a former C.N.R. employee.

Mr. Chairman, I would be pleased to give the name and address to those concerned, if anyone is interested. But I put the letter on file, for it strikes me the accusation is warranted; it is serious and certainly deserves to be studied and looked into carefully.

Mr. Chairman, there may seem to be some disparity in the rest of my remarks, which I began to make last night, but as the order of procedure does not permit me to bring these matters to the attention of the government at other times, I take the opportunity to do so upon consideration of this bill.

Thus, I should like to make a remark concerning grade crossings, and I suggest that the new Canadian transport commission will have to review the grade crossings policy. I believe that municipalities are being required to pay a much larger share of the cost of construction of grade crossings than they can afford. Our Canadian municipalities are in a sort of financial strait jacket. They have about reached the limit of their investment capability and it seems to me, if railways want to go through our cities, that it is elementary that they should take care themselves of the costs incurred by such grade crossings it is intended to remove. I say grade crossings because that is what the act says, but they are eliminated mainly through the building of underpasses.

Mr. Chairman, I feel that it is unreasonable to ask the municipalities to assume part of the cost as they do now. Their share is exaggerated and prohibitive and should not be borne by the taxpayers but by the railway companies which must take steps to prevent accidents.

I would like to add that, under the present legislation, it takes far too long to secure the building of underpasses instead of grade crossings. Unless I am mistaken, it takes three years of negotiations to get an underpass instead of a grade crossing. That is much too long, Mr. Chairman, and it should be recommended to the Board of Transport Commissioners—I hope it has the power to do something—to take steps so as to shorten the negotiations and to lower the cost of building underpasses to eliminate grade crossings.

Mr. Chairman, I would like to join with all my colleagues who expressed the wish that grade crossings will disappear throughout the country as soon as possible. On many occasions I helped people who had just been involved in grade crossing accidents and all hon. members should have the opportunity to see those dismembered bodies to become convinced that it is urgent to remove grade crossings, whatever it might cost. The human capital we would protect by eliminating those grade crossings is worth far more than the millions of dollars it will take to eliminate them. I think that the new Board of Transport Commissioners should be instructed to take the necessary steps to get rid of grade crossings.

Now, Mr. Chairman, I presume the new transport commission will have some responsibility regarding winter shipping on the St. Lawrence. I will not speak in the same tone as was heard here. I refuse to spread hate or myths. I would not want to claim for my riding or my province anything at the expense of the other provinces. I am not blaming the government for winter shipping conditions, because I have followed winter shipping ever since it began. I must say—and I am not saying this only about the government but also about its predecessor—that shipping conditions on the St. Lawrence in winter have improved over the years. I am speaking advisedly because, everything considered, the riding I represent, Trois-Rivières, probably benefits more than any other from winter shipping.

The progress made in this field over the years is commendable. I think that my colleague who, the other day, raised the matter in a tone that shocked the whole house and the whole country was not too familiar with the problem. If he had been aware of the facts, he would have known that ships, at this time of year, or even when the St. Lawrence is more open to navigation than it is now, would not venture to ply through the ice of the river unless it has a reinforced hull; this is elementary, and anyone knowing

anything about navigation knows it. Such ships are called icebreakers, but they are not really icebreakers. In fact, they are ships which northern countries build to sail icy seas. They are equipped with armour-plated hulls to be able to ply through the ice. That is why there is less navigation in winter.

But that was not exactly the point I wanted to raise. To be courteous toward the minister, and also to get used to speaking the English language, I will try to put my point across in English.

• (4:00 p.m.)

[*English*]

There is a real problem, Mr. Chairman—

[*Translation*]

Mr. Pickersgill: I understand French just as well as English.

[*English*]

Mr. Mongrain: I know that the minister very often extends to us the courtesy of speaking French, and I am trying to reciprocate as best I can.

There is a real problem about this winter navigation, and there is a lot of misunderstanding between those in the maritimes and cities along the St. Lawrence. I have been down to the maritimes and held discussions with all kinds of bodies. Some years ago I even conducted a forum over the television in Halifax and St. John's.

I suggest to the minister that either his department or the new transport commission convene at the earliest possible moment a meeting of responsible people from Halifax, St. John's or the other maritime ports who are interested in the subject, as well as responsible persons from the cities along the St. Lawrence such as Quebec, Trois-Rivières, Montreal and perhaps other places, to discuss this problem.

Personally, Mr. Chairman, I do not think there is any conflict between the interested parties in both regions of Canada. If there is, then we can easily find solutions which will neither hurt the economy of the maritimes nor prevent development of navigation on the St. Lawrence, which in my opinion is a necessary development under present conditions. I do not think it is advisable that we should prevent, for any reason, the normal development of the economy of our country. I do not believe the development of winter navigation along the St. Lawrence would in any way hurt the maritimes if all interested parties would get together and discuss the problem with the responsible officers of the Department of Transport. As I say, if there are any problems I still insist they are minor and that solutions will be easily found to them.

[*Translation*]

Mr. Chairman, I hope that once this commission is created it will deal as soon as possible with this problem, that may not be as acute as some may want us to believe, but that nevertheless deserves attention, since developments are still possible in that field.

I think the Canadian Transport Commission should also deal with air transport. In this connection, I would like to suggest that this commission, or those sub-commissions, should establish an overall policy as regards air fields. The present procedure is not very satisfactory. In view of the extensive development in air transport, I believe there are things the government should do in order to encourage not only the development of commercial airports, but also the building of certain runways, that could be called emergency runways, in secondary cities; this would be useful for increasing private air transport. More and more people or businessmen are travelling by air and it seems urgent to bring about a proliferation, so to speak, of those secondary runways that need not be built like those of Montreal, Sherbrooke, Trois-Rivières and Quebec airports. In certain cases, they would not have to be paved. But there should be some in cities of secondary importance. I do not wish to mention any names, so as not to hurt those of my colleagues representing such cities. But I believe this should be one of the responsibilities to be assigned to this new transport commission.

In any event, Mr. Chairman, I conclude by saying that the bill we are going to deal with is rather bulky and it will certainly bring about amendments, which is normal; but on the whole, it answers a need for standardization and even modernization and unification of services. It is therefore in this spirit that I intend to support it, even though I will have occasion to make a few other suggestions on minor points.

[*English*]

Mr. Sherman: Mr. Chairman, I should like to go on record at this point in the debate as saying that there are many philosophical aspects of this proposed transportation legislation with which I agree. I agree with the

implicit attempt which is embraced by the legislation to give the railways of this country more freedom to compete for business without being inhibited by unnecessary regulation and control from the top. I agree with the emphasis that the proposed legislation places—as did the minister in his pronouncements in various parts of the country—upon a quest for a national transportation policy, upon the need for integrated planning among the various facets and arteries of our national transportation body, upon the importance of research in the transportation field, and upon the encouragement that is offered regional air carriers.

However, Mr. Chairman, I do have a fundamental objection to hurrying this proposed transportation legislation through the standing committee and through this house. As has been pointed out in this committee, there has been a surfeit of briefs and representations made to the standing committee on transportation and communications in regard to this legislation. My colleague from Acadia pointed out yesterday that some 3,000 pages of evidence were compiled and submitted to the standing committee. It has been, to say the least, difficult to assimilate and absorb the highly technical and in some instances highly expert body of information contained therein. The subject speaks for itself, when one deals with a piece of legislation as revolutionary as this, as revolutionary as the minister has stated it to be on occasion.

• (4:10 p.m.)

When one is exposed to some 3,000 pages of evidence and technical information in a limited period of time, it must be obvious to members of the committee that it is extremely difficult to absorb and understand the nuances and finer points of the subject. As a member of that standing committee and as a member of the committee of the house dealing with the legislation, I plead for more time to acquaint myself with the highly complicated subject at hand.

Having said that one of my objections at this stage is the hurry attached to the processing of the legislation in the house, I would emphasize that my main fear in connection with this legislation is for the shippers and consumers of western Canada. I ask the minister to what extent he feels it is safe, economical, practical or realistic to give the railways virtually complete freedom to compete for every freight dollar they can get. I submit that is the effect of the proposed legislation. It takes the shackles off the railways in this country. Here, I might say that many of us in the committee hearings have asked for an explanation of these shackles. We have never been satisfied what these shackles were in the minds of railway executives. But when these so-called shackles are later removed under the terms of this proposed legislation from the railway companies in this country, the companies will have free rein to charge what the traffic will bear, to fight for their own survival in a free, competitive environment, and presumably in a free and competitive national economic market.

As a member of the Conservative party, philosophically I am a believer in and supporter of the free enterprise system. I believe wherever possible free enterprise should be encouraged, stimulated and protected in this country. But I question whether, at this stage of our national development, in the particular economic crisis in which this country is involved at this time, in the particular stage of evolution of the railroads and development of their role in the building of Canada, it is advisable or in keeping with the best principles of the free enterprise system, to give those railroads carte blanche to compete for profits in the market place.

Bill C-231, like the abortive Bill C-120 preceding it, grew out of the recommendations of the MacPherson Royal Commission on Transportation. The MacPherson Royal Commission laid the groundwork, and did the basic research into problems connected with transportation in this country, that spawned Bill C-120 and subsequently Bill C-231. Circumstances in the railroad business and circumstances in every facet and every level of society have changed sharply since the MacPherson Royal Commission carried out these investigations. When the MacPherson Royal Commission looked into transportation problems, and railroad problems in particular, in this country the railroad industry was in serious trouble. I submit that this is hardly the case now. I do not think anybody in this committee can argue that the railroad industry is in serious financial trouble today. Its potential for profit, progress and success is unlimited. Witness the bumper wheat crops which have been Canada's good fortune in the past five to seven years; witness the huge wheat contracts signed with other countries round the world; witness, for example, the rise in the potash industry of Saskatchewan, a dream undreamed seven years ago when the MacPherson Commission began its investigation.

When this type of development appears in the Canadian economy, and when this type of progress and expansion has made itself felt, with all the impact of the three economic examples I have given; when other aspects of the economy have similarly progressed and expanded in the past seven years, naturally, in total and in combination they have a profound effect on the nation and on the sinews of its economy, such as the railroad companies.

The whole economic picture for the railroads in this country has changed for the better in the past seven years since the MacPherson Commission embarked on its deliberations and studies. Nobody could have envisaged seven years ago the potential profits and the potential, immeasurable financial successes available to the railroads of this country today.

Regardless of the reasons, regardless of the stimulus for the situation—call it an act of God, or what you will—resulting from our bumper wheat crops and our discoveries of potash, to take two examples, facts are facts. The whole economic picture has changed and the railways today can look forward to unprecedented business successes, and profits if you like, in the years ahead. As a consequence some of the basic concepts that went into Bill C-231 are now outdated. The thinking that spawned and generated this bill is similarly outdated; it does not apply to the economic situation in Canada today. The railroads are in an indisputably viable economic position now, and this point cannot be emphasized too strongly in our deliberations on the proposed legislation. I say it is wrong to judge the industry in the context of the economy and Canadian society existing in the years when the MacPherson Commission was first engaged on its investigations.

We are concerned in western Canada that Bill C-231 will give railroads carte blanche to charge whatever freight rates the traffic will bear. This has been an historic concern in communities of western Canada and that concern is no less important or acute in the prosperous west of today than it was in the struggling west of 40 or 50 years ago. In the standing committee on transport and communications where we were exposed to the pages of evidence to which I referred—the deliberations of that committee have been diligently attended by the minister—we have discussed this anxiety existing among western members of this house. So far, the fears of the west in this regard have not been allayed, sir.

• (4:20 p.m.)

We are particularly unhappy with the maximum rate formula prescribed by the new legislation, and with the mechanics by which it will be enforced. If I may be permitted the indulgence of referring to a communication from which I would like to quote directly, sir, I would underline the concern and the anxiety which we in the west feel on the subject of the maximum rate formula and its application.

As members of the transportation committee know, the counsel for the three prairie provinces, Alberta, Saskatchewan and Manitoba, have been attempting for more than a year to obtain, through the Department of Transport, costing data from the railways relative to the proposed maximum rate formula. But accurate costing information has not been forthcoming. Therefore, on September 14 of this year, counsel for these three provinces wrote to the deputy minister of transport as follows, regarding Bill C-231—and I may say I am going to condense the communication but shall not paraphrase it:

> As counsel for the provinces of Manitoba, Alberta and Saskatchewan, we wish to advise you of the strong views of our governments with respect to the maximum rate formula set forth in the proposed section 336 of this bill.
>
> We have participated in discussions with yourself and your officials since the early part of 1965. It became apparent at an early stage that there could be no meaningful consideration of the maximum rate formula proposed in the earlier bill C-120 unless the provinces had sufficient Canadian railway cost data to enable them to assess the practical effect of the formula.
>
> You will recall that the discussions in 1965 culminated with a conference between the premiers of the prairie provinces and the Atlantic provinces with the Prime Minister, the Minister of Transport and the associate minister of transport on July 19, 1965. At that time it was decided that the maximum rate formula would be reviewed in joint discussions between representatives of the Government of Canada and representatives of the provinces. It was understood that the discussions would be on an expert or technical level directed primarily to the practical effect of the formula on existing and prospective Canadian freight rates.
>
> Following this meeting, the prairie and Atlantic provinces retained two outstanding American authorities in this field, Professor Ernest Williams of Columbia University and Professor George Borts of Brown University. Both men have had extensive experience in Canada and participated in the presentations made to the MacPherson royal commission.
>
> The provinces were advised by their consultants that there could be no meaningful discussion of or comment upon the maximum rate formula unless certain cost data was made available to them for consideration and study.... The provinces are left in the position where they cannot prepare a meaningful presentation on the maximum rate formula for the consideration of the parliamentary

committee. All that the provinces will be able to state to the parliamentary committee is that this essential cost information requested on the advice of experienced consultants has been refused. It would follow that the provinces must also say to the committee that the committee itself, in the absence of such information, is not in a position to validly assess the practical effect and long-term consequences of the maximum rate formula.... It is impossible to determine whether the proposed maximum rate formula will afford any protection to captive shippers. We strongly believe it will not. Whatever its effect, parliament is being asked to enact it without the slightest assurance that it will serve to remove the discrimination and distortion in the freight rate structure which was the reason for the creation of the royal commission.

There is considerably more in that communication than these paragraphs which I have quoted, but they constitute the essence of the message, and of the complaint and anxiety which we in western Canada feel about the maximum rate formula. If we could obtain this costing data we would have the opportunity to assess the impact of the formula, and the lack of this data has been one of the thorns which has stuck in the side of committee members since they began study of this legislation earlier this year.

This lack of data has been a roadblock to us in our pursuit of a reasoned judgment and assessment of the legislation. Apparently, there has been no inclination on the part of the railroads, or on the part of the government itself, to make this costing data available. On the contrary, it has been emphasized fairly strenuously that such costing data will not be available. In the light of that fact, we submit it becomes a purely academic exercise for us in the standing committee, or for members in committee of the whole house, to try to assess properly all of the key points and all of the key clauses in this revolutionary piece of legislation.

What does this maximum rate formula mean? What will its impact be on shippers? How can we answer unless we have the mathematical information necessary to proceed with a reasoned and intelligent study of that point?

Another aspect of the legislation with which we are distinctly unhappy is the definition of the term "captive shipper." This is also a point which was argued strenuously and long in the deliberations of the standing committee, but on which we have still not achieved the satisfaction that is necessary if we are to assess the legislation properly.

It is probably a question of semantics. The minister has stated on occasion that when entreaties have been made to certain of the western provinces to suggest to the government, or to the standing committee, some shippers that they feel would fall into the captive category there has been no haste on the part of those provinces to supply such a list. I hope I am not attributing a sense to the remarks of the minister which is not correct, but I believe this is the essence of what he said on this subject to the committee. Probably one reason there has been no attempt by the provinces, or by the shippers themselves, to classify themselves as captive at this stage of the deliberations is that they are reluctant to tip their hand with respect to legislation that has not been passed.

Another point on which I am distinctly unhappy—

Mr. Pickersgill: Would the hon. gentleman permit me to ask him a question about that?

Mr. Sherman: Yes.

Mr. Pickersgill: I do not quarrel with what he said about shippers, but a formal request was made. I think the hon. gentleman probably has the document with him, and I also have it here somewhere. A formal request was made to the provincial governments to submit samples of those persons now paying class rates whom they believed would be likely to be captive shippers. I think the hon. gentleman made a very good paraphrase of what I said, but I thought I would like to have the actual phrase on the record.

Mr. Sherman: I appreciate the minister's explanation of that point. I think it is valuable to have the actual statement of the minister on the record in this context, and I thank him for injecting it into the debate at this stage.

Sir, another point on which we in the west are distinctly unhappy is the scale of rates and the extent to which they will go up for a captive shipper. Under the legislation as it is presently worded, the maximum rate imposed on a captive shipper would consist of the variable costs plus 150 per cent, on 30,000 lb. carload lots. Evidence submitted by experts in this field, including the two United States experts referred to in the communication from which I quoted a few moments ago, plus argument from counsel for the provinces of Manitoba, Alberta and Saskatchewan, have demonstrated to us that this particular rate which the railroads may charge will go up in an explosive fashion on carload lots over 30,000 pounds.

• (4:30 p.m.)

For example, on carload lots of 140,000 pounds, the maximum rate imposed on a captive shipper would consist of the variable costs of the shipment itself plus a surcharge of more than 600 per cent, and not the 150 per cent as in the case of the 30,000 pound carload lots. These are the mathematics of the formula, based on the differences in the basic costs to the railroads themselves when dealing with carload lots of certain sizes.

Mr. Pickersgill: I am sure the hon. gentleman would not wish to create a wrong impression. He suggested the rates would go up on these larger shipments. Of course, as I am sure he realizes, the actual rate would go down, but the mathematical proportion he has given, I think, is quite accurate.

Mr. Sherman: The return to the railways themselves.

Mr. Pickersgill: That is right.

Mr. Sherman: The profit figure for the railroads would increase by that much. Also in the west, we are distinctly concerned with the manner of appeal by a shipper against his rate, provided by this legislation, and the difficulty involved in proving public interest. In one particular clause in this bill, for which I am searching at the moment and which I have at my fingertips—

Mr. Pickersgill: Clause 16.

Mr. Sherman: No; clause 55 on page 52 of the bill, where it refers to amendments to the Railway Act. I read:

> The said act is further amended by adding thereto immediately after section 338 thereof the following section:
>
> "338A. (1) Any person, if he has reason to believe that a tariff of tolls for the carriage of passengers of a company, or the conditions attached to the carriage of passengers in such a tariff, are prejudicial to the public interest, may apply to the commission for leave to appeal such a tariff or conditions, and the commission, if it is satisfied that a prima facie case has been made, may grant leave to appeal and may make such investigation of such tariff or conditions as in its opinion may be warranted.

Now, we submit that it is demonstrably difficult, if not well nigh impossible, for a private company or private individual with private interests in the market to prove public interest. How does one go about proving public interest to the satisfaction of the commission? Does public interest, for example, mean that only the province of Alberta, the province of Saskatchewan, the province of Manitoba, or a comparable body can make the appeal? A private company would have difficulty to prove public as opposed to private interest. It is difficult to find any legal concept of what would be public interest. There are cases which say that private interest definitely is not public interest.

Mr. Pickersgill: Would the hon. gentleman permit me to point out to him that the clause from which he was reading refers to the carriage of passengers. I think the clause he really wants is clause 16 of the bill where the language is slightly different. It is the clause which refers to carriage of freight.

Mr. Sherman: I appreciate the distinction which the minister has drawn, but in terms of the concern felt in the west in respect to various parts of this legislation, I do not see that it makes that much difference whether we are referring to clause 16 or clause 55.

Mr. Pickersgill: I hope the hon. gentleman does not mind my interruptions. I am not trying to be controversial. I think it does matter, because if you look at subclause (3) of clause 16 you will see that in this clause we have accepted almost exactly the language used in the Manitoba brief. This is not in the clause which deals with passengers, because it really is not relevant to passengers but is relevant simply to freight. I think, therefore, in order to deal with the point, the hon. gentleman would prefer to follow clause 16.

Mr. Sherman: Well, I looked at clause 16 at the same time I looked at clause 55. On the basis of our studies in Manitoba with relation to this proposed legislation, we still do not feel satisfied on this particular point.

I am prepared, however, to discuss this subject independently with the minister at a different time. I can assure you that in the opinion of the western shippers, and in the opinion of the counsel for the three prairie provinces to which I have referred, we still are not satisfied that the clause to which the minister refers removes the danger and the threat to certain aspects of the economic position in western Canada which we feel are affected unfavourably by this proposed legislation.

I should like to say also that I share the concern expressed by the hon. member for Acadia yesterday on the question of branch line abandonments. This is a point which I should like to discuss at a further stage in the deliberations. I am not going to elaborate on that subject at the moment. I believe the case was put eloquently yesterday by the hon.

member for Acadia. I am sure that in subsequent deliberations in respect of this legislation there will be an opportunity for us to reinforce the western point of view and western concern with regard to branch line abandonments.

I might say that the three prairie provinces have waged a tireless campaign for justice and satisfaction in respect of branch line abandonments and in respect of many of the other points to which reference has been made in these past few moments. So far, there still is the anxiety, concern and fear in the west to which I already have made reference. There still is anxiety, concern and fear that the new legislation frees the railways to an extent which will redound to the disadvantage of western shippers and western consumers.

When these new maximum rates are imposed, the question arises as to how they will be borne. When new freight rates are imposed at any time at any point, the question arises as to how they will be borne and who will bear them. One concern we have is that the anticipated rate increases will be buried in the economy of western Canada; that if certain shippers in the west are classified as captive shippers, either through their own appeal or through a classification being imposed upon them from without, they will pay rates which they cannot afford, and the effect of these rates will be buried in our economy. It is feared that this exercise will militate to the disadvantage of western Canada. The fear is that the rates will be buried in higher prices charged by the manufacturers and shippers themselves, and that they will also be reflected in lower wages on the prairies.

We feel that these economic problems are acute and very important ones at the present time in western Canada where a whole region of the country is attempting to win for itself an equal share in terms of national development in this nation. The result of higher freight rates will certainly be higher living costs for all. In this connection, in the few minutes remaining to me, I would also mention the importance of the new railway wage settlement which recently has been announced, and the effect it will have on the western consumer and the western freight rate payers.

• (4:40 p.m.)

As I understand it, the new agreement in respect of the 70,000 member brotherhood of railroad trainmen and the 55,000 residual non-operating group is to provide wage boosts of 24 per cent for unskilled workers and 28 per cent for skilled workers over a three year period. Similar settlements for wages and fringe benefits were reached earlier this month by federal mediator Carl Goldenberg with the 25,000 member shop craft union group. An agreement in respect of the 20,000 member Canadian Brotherhood of Railway Transport and General Workers is still to be settled.

The non-operating groups, totalling 100,000, were averaging $2.22 per hour before this increase went through. The 20,000 trainmen were averaging $3 per hour over a three year period. By simple arithmetic, it can be determined that under these new wage contracts the railways are faced with meeting a payroll over the next three years which will amount to tens of millions of dollars more than anticipated. Simple experience tells us where they are going to go to find that extra revenue, to meet that additional expense. They will go to the freight shipper, as a result of which freight rates will go up.

Western Canada, because of its long-haul position and its dependence on the railroads, is going to suffer most. The long-haul shipper must suffer because of his fundamental dependence on the railways of this country for shipping the bulk of his produce. He is the one who will really bear the burden of this wage increase. This is a classic position of discrimination against western shippers and consumers. The MacPherson commission was intended, among other things, to remedy this historical imbalance. The intention was to eliminate this discrimination which caused an increase in prices to consumers.

The Deputy Chairman: Order, please. I regret to interrupt the hon. member but his allotted time has now expired.

Mr. Pickersgill: Mr. Chairman, I have the opinion the hon. member has almost completed his remarks. Perhaps the committee would allow him to conclude.

The Deputy Chairman: Is it agreed that the hon. member be allowed to continue?

Some hon. Members: Agreed.

Mr. Sherman: I thank the minister and members of the committee for their indulgence, and I should like to say that I have reached the final moments of my remarks.

The MacPherson commission was set up in large part to do away with this element of discrimination against shippers in certain

parts of the country, such as western Canada. Some of the most energetic studies of the MacPherson royal commission were undertaken with this end in view. Western Canada finds itself in a position where, despite what the MacPherson commission recommended in terms of establishing a national economy which was equitable, and despite its own attempts to create an equitable transportation system in this country, it must still face today the difficulties of an ancient inequity so far as transportation costs in this country are concerned.

Let me, therefore, make a plea at this stage of the debate, on behalf of western shippers, that a go-slow approach be taken to this legislation. I appreciate how important it is from the minister's point of view, and perhaps from the point of view of the nation. But in order to come to some determination in respect of this important bill which has taken years to formulate, it is important that we consider these wide-sweeping and revolutionary changes very carefully. We should approach them with reasonableness and expertise. On behalf of every consumer, housewife and shipper in western Canada therefore, I ask that this whole situation, as well as every aspect of this proposed situation, be considered thoroughly before any final disposition of this legislation is made.

Mr. Pickersgill: Mr. Chairman, before you recognize the hon. member for Halifax perhaps I could be allowed to ask the last speaker a question. I do not expect him to answer it now, but I should like him to reflect on it during the vacation between now and January 9 when we will again be considering this bill. Does the hon. member think that the consequences to western Canada would be more appropriate if we continued with this present legislation instead of making these changes? I ask this question with the thought in mind that the presently frozen rates obviously cannot be continued in view of the pressure to which the hon. member has referred as a result of specific wage increases which would require a general horizontal increase.

Mr. Sherman: Let me respond by saying that my thinking in respect of this whole question is conditioned by the environment from which I come. I do not speak just for myself, but for the constituents and the region I represent. A great many people there, who are more informed than I, have extreme anxiety in respect of the ramifications of this bill so far as western Canada is concerned. Surely, we need a great deal of time to consider all the aspects of it. Frankly, I do not have the expertise, and I need time to acquire it. Let me assure the minister that during the Christmas recess, when I am not fulfilling my domestic responsibilities I will reflect on his question and continue my study of this bill. Perhaps, when I return to this committee in the new year, I will come in a spirit of conciliation and co-operation. The minister may indeed be surprised at the change in my demeanor.

Mr. Forrestall: Mr. Chairman, my remarks this afternoon will be parochial and provincial. I intend to deal, as the minister has likely anticipated, with matters of broad but direct concern to the ports of Halifax and Saint John. I wish to refer not only to the effect of this bill on rail transportation, but the general effect on all things relating to winter navigation on the St. Lawrence. I then intend to refer to the adequacy or inadequacy of our port facilities, grain facilities, piers, back-up landings and so on.

It has been said many times in this chamber by more eloquent speakers than I, in the context of the bill before us regarding the economic impact of this situation on the city of Halifax, that the local environment has much to do with the efficiency of rail transportation. Let me point out to members briefly once again the extent of the economic impact in these areas of transportation facilities.

In the wintertime thousands of people are employed in the general field of transportation, including about 1,200 longshoremen, 900 to 1,000 freight handlers, the National Harbours Board staff, the steamship agency people, the tugs pilots, customs and immigration staff, railway employees, railway checkers, freight handlers, truckers, men employed in ship repairing, maintenance yards, freight forwarders and a vast range of other individuals including ships chandlers, and equipment suppliers to lumber yards which are partly dependent on the marine business. It has been estimated in two or three studies that if you bring all these people together some 8,000 to 10,000 people are indirectly affected by the norms of the port of Halifax. With regard to those directly affected, however, in terms of people drawing salaries and receiving direct benefit from the port, the estimate is around 3,000 jobs at winter peak traffic periods and about 1,000 during the peak summer periods.

• (4:50 p.m.)

In terms of money, with general cargo volume running in the order of 1¼ million tons annually, as it has been for the last year or so, it can be reliably estimated that revenue accruing to the local economy in the first instance—this is the direct benefit—is of the order of $16¼ million. Bulk cargo is running around 7¾ million tons. This bulk cargo will create another $2 million to $2¼ million, making in all a direct value to the port and the local economy of some $18 million annually. This is direct money, money that has the effect of diffusing itself throughout the economy. The figure of $18 million is a fairly conservative one; it could be higher, and indeed we wish it were.

It has been reliably estimated by the Port of Halifax Commission and other studies, one of which was carried out for the Atlantic Development Board a couple of years ago, that the further implementation and encouragement of year-round navigation on the St. Lawrence river will substantially cut into this volume to the extent of some 30 per cent to 40 per cent. Here again, I use a conservative estimate; some people have suggested it could go as high as 60 per cent to 70 per cent. In terms of the frozen position in which we find ourselves with regard to general traffic through our port, the latter figure I mentioned is more likely to be the accurate one.

In terms of tonnage we will take the more conservative figure of 30 per cent to 40 per cent. This will mean a drop from 1¼ million tons annually to fewer than 750,000, tons the economic consequences of which to the port would indeed be very grave and serious. It can be seen quite readily that this is a serious matter for the port of Halifax. The port is indeed one of the main economic sectors in the area. If it falls into a loss position of this order, or even worse, there is no possible way other than by government planning, to regain or recoup our position.

The loss of some 500,000 tons of general cargo would represent, at current approximate rates of pay, some 400,000 longshoremen hours at approximately $3 an hour, or $1,200,000 in direct pay and compensation. But the over-all revenue that would be lost to the ports could be of the order of $6,500,000. These figures are based upon the current rate of some $13 a ton for the handling of cargo in Halifax.

Substantiation of these figures may be found in a study by J. Cates and Associates, a consulting firm who carried out a study for the Atlantic Development Board in 1964. In their report to the Atlantic Development Board, they estimated that the ports of Saint John and Halifax have experienced a combined loss due to the direct and indirect effect of winter navigation on the St. Lawrence river and the gulf of some 150,000 to 250,000 short tons per season of trans-shipment or through-cargo. Because of the difficulty of estimating what the traffic patterns of the Atlantic and lower St. Lawrence river ports, chiefly Quebec, Trois-Rivières and Montreal would have been in the absence of winter navigation, the assessment of traffic loss must be regarded solely as broad approximations, but nevertheless relatively accurate.

It is considered by the consultants that however you look at it, the approximate loss of 200,000 short tons is a reasonable estimate of the annual traffic that we have lost since the extension of winter icebreaking on the St. Lawrence river. In terms of dollars and cents, the same consultants have advised the Atlantic Development Board that on a seasonal basis this would represent a loss each year of some $3 million of direct income to the port economies and some 3,600 man-months of seasonal employment. This is an area that has long been close to the minister's heart, I am sure. His record inside and outside the house has been commensurate with the extent of its seriousness.

It can be seen from this that any further attempt at this time to extend, encourage, foster or fail to impede the extension of navigation on the St. Lawrence river, without first having committed some public authority, and in this case it must be the federal authority, to sound planning with regard to Halifax and Saint John will have a disastrous effect. I think the minister knows well what the feelings are in Halifax and Saint John. We accept the position—we accept it more privately, admittedly, than we do publicly—that we cannot continue to fight the battle against the ports of Montreal, Quebec, Trois-Rivières, and so on, too much longer. It is incumbent upon us, however, to fight that battle so long as the government has not clearly enunciated its plans for the ports of Halifax and Saint John. I will deal with that matter in a little more depth later on.

In its submission to the transportation committee, the Port of Halifax Commission dealt with this question. Perhaps I might interject here briefly to say that this committee has been sitting for some months, I think with considerable success, and is deserving of the

praise of the members of the house and all the people of Canada. The committee worked hard and long and listened to many learned papers, briefs and positions on this new and very complex bill that is before us. Not having been a member of that committee, Mr. Chairman, I wanted to express my appreciation and thanks for the work they did. Among the briefs the transportation committee received was one from the Port of Halifax Commission. In their brief they took the opportunity to raise, in their terminology, an extremely strong objection to the federal government's new bill, claiming that it is diametrically opposed to the intention and objectives of national policy for overcoming the geographical disadvantage of this area. This matter was alluded to by the previous speaker. Indeed, the western populace are not the only ones who suffer from this disadvantage. The geographical disadvantage has prevailed in the maritimes since before Confederation. There is no need for me to reiterate the promises that were made in such glowing terms prior to our taking advantage of the opportunity to join the partnership of Confederation some 101 years ago.

• (5:00 p.m.)

The Port of Halifax Commission pointed out to the committee that the bill would tend very definitely to increase the general level of railway rates in the Atlantic provinces as compared to the other parts of Canada. As the minister knows only too well the effects of this would be to make it much more difficult for the industry in that region, for the merchants and manufacturers, to sell and deal in the great market which exists in this part of Canada. They put forth the proposition that it would bring about a situation which would permit the railways to set what they termed as outrageously high maximum rates without giving satisfactory protection to the captive shippers in the Atlantic region. They expressed their fears particularly with regard to that sector of the shipping community which is involved with higher loading weights per car. We know only too well from earlier studies on Bill C-120 and earlier hearings in the committee the degree to which shippers in the maritimes can be termed captive shippers. We know that we sit on the long, cold, abandoned end of that pole. We do not enjoy the degree of trucking competition which has kept the brakes on the railway companies so satisfactorily in other parts of Canada.

We fear that, lacking truck competition and competition from other forms of transportation in the maritime regions, the railways will be free to use this massive Yankee Stadium of a playground, and indeed it is their business to make money. Nobody objects to the principle of making money in business. Businessmen are not in it for charity. However, it is the absence of protection for our people, which is automatically built in through truck competition in other parts of Canada, and the absence of further protection in the bill, which gives some concern to the people in the maritimes.

The commission also expressed the fear that what remains of the existing port parity tendencies on the part of the government not only tends to disappear but will disappear completely and forever. I was very pleased to hear the minister refer in his opening remarks to the concern expressed by the senior member for Halifax. I am a little regretful that the minister did not spell out a little more clearly what he intended by this statement. Perhaps, while he is sitting there listening, I could draw to his attention section 42 of the agreement with the Grand Trunk Pacific Railway Company in 1903, one of the provisions of which reads as follows:

> —the through rate on export traffic, from the point of origin to the point of destination, shall at no time be greater via Canadian ports than via United States ports.

This remains one of the few statutory bases for our position. Indeed section 13, chapter 6, Acts of 1911, regarding the Canadian Northern Ontario Railway Company, provided that:

> —the through rate on export traffic from the point of origin to the point of destination shall at no time be greater via Canadian ports than via United States ports.

Again, this is a word for word repetition. Chapter 20, Acts of 1914, regarding the Canadian Northern Railway System, provided that:

> —the through rate on export traffic from the point of origin to the point of destination shall not be greater via Canadian ports than it would be via United States ports;... and that the Canadian Northern and the several constituent and subsidiary companies shall not in any manner within its power or control directly or indirectly advise or encourage the transportation of any such freight by routes other than those above provided.

Also Section 14 (2), of the Canadian National-Canadian Pacific Act, first edition, volume VIII, Chapter 25 provided that:

> The board of directors shall so direct, provide and procure that all freight destined for export by sea which is consigned within Canada for carriage to National Railways either at point of origin or

between that and the sea shall, unless it has been by its shippers specifically routed otherwise, be exported through Canadian seaports.

As the senior member for Halifax has pointed out—and I am sure he will bring it to the minister's attention again early in the new year—we would like to know whether this policy will be continued and what guarantee the bill may contain to ensure that this is done.

Mr. Pickersgill: Will the hon. member let me repeat what I said yesterday in this regard? It is my intention to propose an amendment when we reach the appropriate place in the bill to the effect that every advantage as to rates or routing now enjoyed by the Atlantic ports by any law now in effect will continue to be in effect notwithstanding anything in this bill. Of course, these are not the actual words which I used, but the sense.

Mr. Forrestall: I thank the minister for that statement. I accepted it yesterday with the hope that the minister might go a little further and specifically spell out the form of the port parity policy.

Mr. Pickersgill: Does the hon. gentleman not think that we ought to allow these experts, to whom we are paying a considerable sum of money, to make proposals to us next March for general improvements in the Atlantic region and in this way earn their pay rather than try to anticipate their conclusions?

Mr. Forrestall: Not at all, Mr. Chairman. I am not at all sure what it is they will do, and as a maritimer in whose constituency lies the port of Halifax I am not about to accept in principle a pig in a poke. I have greater confidence in what the minister is able to tell the House of Commons during the next two or three weeks. I would far sooner accept that, and hope that the special study which is being conducted will take due note of the minister's responsible directions. After all it is Christmas time; perhaps the minister could at least indicate to us that this is a matter close to his heart and is receiving his fondest, warmest and most charitable consideration.

Mr. Chairman, in most respects the bill accommodates railway transportation. At a later stage I will make one or two comments about the facilities in the port of Halifax, but at this point I would like to say a few words on the hearings of the committee with regard to the broad scope of the bill. I suggest to the minister that it was regrettable, not only to me but I am sure to many others in the chamber that during the course of the hearings briefs and papers were not encouraged, or indeed invited—maybe there was not enough time—from various segments of our air transportation industry. I refer to our main line domestic and international carriers, to our regional air carries, but more specifically to the aviation field in general, the charter companies.

• (5:10 p.m.)

If you would review, Mr. Chairman, some of the national statistics relating to class 4 air carriers you would find that they are performing a role in Canada, the absence of which would indeed impose very strong hardship on vast segments of our rural and northern life.

It seems to me that on a bill of this magnitude, which sets out to reshape the administrative responsibilities for all forms of transportation in Canada, the committee not only could have but should have set aside at least two or three hearings for the purpose of exploring views of our main line carriers as well as the smaller regional and charter companies.

For example, Mr. Chairman, domestic policy, which still falls within the purview of the air transport board, has suffered from change, innovation, amendment and goodness knows what else for so long now, without any proper public exposition of this policy, that it is not only regrettable but quite lamentable that some occasion has not been provided the air transport industry within the recent weeks to put forward their positions. I think the government should have taken the lead in the matter and invited, indeed encouraged, their representatives to come before the committee. The fact that this has not been done will, I hope, not prevent the minister in any way from pursuing this question at some stage early in the new year.

Most of us welcomed his position paper on regional air policy. We found in it some most meaningful and helpful directional instruments. But this is just one segment of air policy; there are at least two others, possibly three, deserving of and requiring similar attention. It seems to me that this was the time this attention should have been given.

For example, Mr. Chairman, we should be looking at the adequacy of our air terminals, runways, refuelling facilities, passenger handling capacities and distances from airports to urban centres. Problems in air traffic control still exist. But the whole spectrum of flying has been ignored in the sense that none of the industry's representatives in this field participated in the committee hearings which

have now brought us to this stage. Again, I suggest this is regrettable.

There are one or two other areas about which I wish to speak which deal primarily with facilities in the port of Halifax. The minister knows all too well the difficulties the port of Halifax experienced during the shipping season 1964-65 resulting from cramped facilities, overcrowding and the total inadequacy of the port to cope with the traffic which came to it. This came about accidentally; we had not anticipated the strikes and bad weather which diverted the traffic which came our way. Indeed, it is true that in the last shipping season matters straightened themselves out, and the appointment of a co-ordinator for the harbour board was most effective. I hope the accomodation provided by this bill in relation to the internal functioning of the National Harbours Board will permit the expansion of this type of assistance directly at the port level.

This year the port of Halifax does not appear to be overcrowded; but the experience of the 1964-65 season pointed up the need, as I suggested earlier, for total studies of the port from the point of view of having an effective land usage-waterfront usage formula involving not only Halifax but Dartmouth and the basin itself. We are aware, because of the obvious economic advantages, of the necessity for keeping contained within a close-knit group the customs buildings, the ship handlers, the ship brokers and those engaged in ship movement in and out of port. Now is the time that the minister and his department should be looking very seriously at an over-all program of development and utilization of the facilities that we have in Halifax.

The type of shipping season we have enjoyed in the past has been the traditional one. Our harbour has accommodated the 7,000, 8,000, 10,000, 15,000 and 16,000 deadweight-ton ships; the old, traditional variety which we see pictured on canvas lying tied up in the ports all over the world. But, Mr. Chairman, this day has gone. The traditional utilization of small, economic units of 8,000 to 10,000 tons employed for the trans-shipment of bulk cargoes and large general cargoes is quickly coming to an end.

When the minister was in Halifax earlier this month to speak on Atlantic ports day he soft-pedalled a policy which, while it was not the most palatable in the world, the people in Halifax and Saint John accepted. We are aware—and the minister's admonition to us was quite acceptable—that if we are going to survive in Halifax we must find survival in the process of innovation, of the acceptance of new forms of cargo handling, containerization, bulk transportation and the integral train. All of these things—

The Chairman: Order. I must advise the hon. member that the time allotted to him has expired. Does the committee—

Mr. Pickersgill: Mr. Chairman, I suspect the hon. gentleman had only one more paragraph, and I think we should like to hear it.

Mr. Forrestall: May I conclude by saying that we are approaching the era of 100,000-ton, indeed of up to 300,000-ton, vessels. The economics of this type of ship cannot be denied. To my knowledge no harbour other than, perhaps, Portland, Maine, which concerns itself with deep water naval operations, that is developed or even partially developed and lies between the minister's good province and Florida has the accommodation and the natural advantage that we enjoy with regard to deep water in the port of Halifax.

• (5:20 p.m.)

If the bill before us, and the general policy embodied in it, does not embrace this concept in a functional way we shall lose the advantage this port may be able to gain over ports of the United States. The United States will build ports to accommodate the types of traffic I have mentioned. We know that considerable, or even massive investment will have to be made. Piers must be redesigned, back-up land acquired and land reclaimed in the interests of accommodating a large port. If we fail to do this some other port, very likely in another country, will carry out such a program and will reap the benefits of it. I trust that the minister will do all in his power to encourage plans or policies leading to the accommodation in the port of Halifax of the types of shipping I have mentioned. If the minister does this we shall let him plow out the sea lanes all the way to Montreal with complete regularity. Instead of going to some other place, when the minister leaves us I hope he might consider heading the commission in question. We should love having a maritimer on it.

Mr. Hamilton: Mr. Chairman, at the outset I want to say that I am pleased the minister is in his place. My remarks will be directed to him almost exclusively because I believe he is the last hope we have in the house of bringing in changes desperately needed in this bill. It falls to my lot to introduce my remarks with

rather harsh comments dealing with a definite commitment made by the minister, that there would be no proceedings relating to applications for abandonment of lines in western Canada until this bill was completed. Though the matter has been raised—

Mr. Pickersgill: Would the hon. gentleman quote my exact words?

Mr. Hamilton: The minister wishes me to quote what?

Mr. Pickersgill: Would the hon. gentleman quote my exact words?

Mr. Hamilton: I shall do that in a minute. These remarks are not aimed at the minister, as will be seen in a minute. I point out that there was an understanding that during the discussion of the bill certain things were not to be done. We hoped that a new philosophy would be in effect, and that a new type of thinking in this bill would be brought to bear on these lines being considered for abandonment. What we have seen in recent weeks, I think, can only be described as a breach of faith.

I am going to read some letters. The first letter I became aware of is dated December 6, 1966, from the Secretary Treasurer of 9 Rural Municipality in Saskatchewan, addressed to C. W. Rump, Secretary of the Board of Transport Commissioners. The letter reads:

Dear Sir:

Application for leave to abandon Hatton Subdivision, C.P.R.

We are in receipt of a letter from the Canadian Pacific Railway Company, under the date of November 21, 1966, in which an application for leave to abandon Hatton Subdivision has been made to you, the Board of Transport Commissioners.

I will not read the balance of the letter because it has no bearing on the point I was making.

On December 14, 1966, the hon. member for Swift Current-Maple Creek received a letter from C. W. Rump, secretary to the board, referring to the Hatton Subdivision. The letter reads in part as follows:

The above mentioned application is on file with the Board. The Company has advised that a copy of the application and supporting documents were sent to various interested parties. The supporting information has been updated to 1965.

I want the committee to pay particular attention to this following paragraph:

The line is in the "eligible for abandonment" category without waiting upon the passage of Bill C-231 and the Board is prepared to proceed with the application.

[Mr. Hamilton.]

It is this statement by the secretary of the board which caused some of our members to feel that we were being double crossed with respect to the understanding we thought we had with the minister. I wish to quote the exact words of the minister on this subject, and I shall read from the standing committee records of Friday, June 19, 1964, at page 283.

Mr. Pickersgill: 1964?

Mr. Hamilton: I will not read the entire statement, but only the relevant part:

I have given an undertaking on behalf of the government, so long as the present government is in office, that there will be no abandonment on the prairies of these branch lines until the legislation which is now before the house has been disposed of.

The reference was to Bill C-120. About that legislation you can argue, on strict interpretation, that once it was flung out it was disposed of. I have an exact quotation of the minister of September 2, 1966. I refer to unrevised *Hansard* of that date, page 8034. Some part of this I can leave out without falsifying the minister's intention.

Mr. Pickersgill: Would it not be better to quote it straight through?

Mr. Hamilton: Very well. I shall read more than I had intended. I did not wish to condemn the minister.

Mr. Pickersgill: I understand.

Mr. Hamilton: I was going on to something else. I quote:

Mr. Speaker, the hon. member is awfully good to let me intervene at this point to answer his question,—

This was when I had posed the terms under which we might consider passing second reading.

—and I appreciate it very much. I saw the presidents of the railways this morning, but for another reason. I took advantage of the meeting to ask them whether I might be permitted to say that on the very day on which this legislation passed they would withdraw all their existing applications for abandonment on the prairies and that they would revise their applications in the light of the decisions made by parliament and put forward in the legislation, not as it stands at the moment necessarily but as it emerges from the committee and is passed by parliament. I was given the authority of the presidents of the railways to say that that would be done.

That is a statement from the record of what the minister said.

In other words, all those applications which are in suspension, none of which is being proceeded with, will be withdrawn on the day the legislation

is completed. I think it is only fair that they should wait until then, because they would prejudice their own position if they acted and if we did not proceed with the legislation.

It is clear from that, I think, that the minister was trying to say these new applications, or these applications in question, would be judged on the basis of the new legislation as it emerged from the house.

Then on December 20, yesterday, the minister made another remark following his opening statement, as recorded on page 11373 of *Hansard*:

Then, there is the question of the undertaking given by the railways to withdraw all their applications for branch line abandonment on the so-called protected lines. They have given an undertaking to withdraw them as soon as this bill receives the royal assent, and they have so signified before the transport commissioners.

This deals with the protected lines. I am quoting from the minister's statement of September 2.

That undertaking is, of course, contingent upon the pasage of the legislation. I am glad to say that the Board of Transport Commissioners, as a result of the intervention I made when the measure was brought up here in the house, has agreed not to hear any applications for abandonment in the prairie provinces while this bill is before parliament.

• (5:30 p.m.)

It is my contention that when the minister said he took this up with the board and they would not hear any applications, the reference is to the September 2 statement of the minister. Therefore, I think some of the members, including myself, had a right to feel that we had received an indication of action on the part of the Board of Transport Commissioners that was not too helpful to our confidence in the promises, made over and over again, that this bill would be setting up new types of thinking. Then, the new board could deal with these applications on the basis of the new type of thinking that we produced out of the committee and out of the house.

The minister must be aware that we have had reason to be suspicious, and I say this not too unkindly because the minister, like it or not, over the years has developed the reputation of being unable to resist an opportunity to move pretty fast and take short corners. But since not only the people of the maritimes but of the west, in fact all the people of Canada, depend so much on this bill, we should try to work on the assumption that if we work together to produce the best bill we can, then the minister's reputation and the house's reputation will be more greatly enhanced than if the minister tries to lead us to pass the bill and then we find ourselves in a trap.

I do not think there is any question but that the bill before us is the first one since the passage of the Canadian National-Canadian Pacific Act which deals with fundamental questions relating to railways and all types of transportation. I know the minister wants to have a good bill. I know he has been working hard to try to understand every form of transportation, but I am suggesting that the action of the secretary of the Board of Transport Commissioners in saying, "We are now proceeding with those applications", was such as to alarm us all. I only hope that all these letters which have been sent out, and which have caused that fear that I referred to in my speech on second reading, will be recalled.

We will be rational, you may be certain of that. But we have certain responsibilities here to make sure that when we pass a bill we do not find ourselves led to the slaughter. I have sat in the house and heard the fear expressed by the hon. member for Saint John-Albert and the hon. members for Halifax. This fear is equally held in the west.

We will help in making and passing a good bill. But we want the conviction in our hearts that, if we turn all this power over to the national transportation commission, we will not have this situation arise in which the minister says no consideration will be given to present applications by the present board, only to have an employee of the board send out letters like that which I have just quoted. This breaks down the trust that there must be.

The Board of Transport Commissioners must have ignored the minister's statement on September 2, or jumped when the Canadian Pacific moved. We have to face the fact that what has caused the lack of respect for the Board of Transport Commissioners over the years is that when original guide lines were set out by parliament for their decisions these were guides for making judicial decisions. Over the years what has created the trouble is that the precedents set up by the board's decisions have carried the force of law which has not been made by parliament. In effect the board made its own law, and in a good many cases that law was the law of the railways. Railway figures and opinions were always accepted as fact.

We did not have the experts who could match the competence of the railway experts.

No one blames anybody for this, but the fact remains that all over this country where people are knowledgeable on matters coming before the Board of Transport Commissioners these people have always felt—and this suspicion is not only a suspicion, it is almost an article of faith—that the board has been at the jump and call of the railways.

This letter which was sent, just because the C.P.R. made a move, was, I think, a direct slap in the face to the minister. If I were in his position there would be a serious reprimand given to the Board of Transport Commissioners for having made such a fool of the minister. I have to say these things, Mr. Chairman, because, if we are going to proceed with this bill with confidence, we have to realize we are drafting legislation not only for railway transportation but for all forms of transport, affecting tremendous segments of the whole national economy.

We have tried to be helpful, and the minister can continue to get our help. In the standing committee some 48 amendments have been made, mostly from the government side because it has the staff to draft the amendments. I think the minister has said there will be five more from the government, and I believe there are 14 more coming from our group alone. This means that there is a serious effort on the part of the parties in opposition to be constructively helpful. All we are asking in exchange is that we have no more of this type of hanky-panky that brings all these suspicions of 60 years up to the surface again. We know we are handing over our very future to this national transportation commission. I would like to believe that it will be embarking on its history with some feeling of good will.

In my remarks on second reading, I tried to put forward a general attitude which I would like to emphasize as a preliminary to my main remarks this afternoon. I emphasized that the pessimism of the last 40 years regarding railway operations in Canada should end. I pointed out that traditionally railway management itself, traditionally the economists of this country, and traditionally government officials have felt that railways were a declining part of the whole transportation picture. There was a great deal of evidence to bear out this pessimism, but many of us are concerned about this bill because it reflects that pessimistic attitude instead of taking up the attitude that the facts now warrant.

The facts now warrant the assumption on the part of those drafting the legislation, and

[Mr. Hamilton.]

that is the members here, that there is going to be tremendous growth and expansion in all our transportation agencies, not least of which are our railways. Without repeating in great detail some of the evidence, let me remind the committee of some of the salient facts.

There is a tremendous difference in the economy of railways when they are hauling 400 million bushels of grain a year as compared with when they are hauling 800 million bushels a year, because the railways are largely a fixed cost industry. If you can double the amount of volume you tremendously increase the per unit profit in the carrying of those goods. With the tremendous flood of money that has gone into the prairies over this last five years there has been a tremendous increase in the back-haul of machinery, fertilizer and all the other things that make a back-haul profitable to the railways.

I outlined on second reading the tremendous development of minerals in Canada, the tremendous demand for these minerals all over the world, and the tremendous bulk hauling of them available to the railways which is very profitable. I outlined the tremendous need in the world for our paper and lumber, a need which will increase hugely over the next few years. Therefore, the railways should be thinking in terms not of consolidating, not of holding the line, but of spending capital to provide the services to meet this tremendous challenge.

The MacPherson Royal Commission report was based on the assumption that the railway era was over. They were trying to work out some system whereby the railways could live within the amount of traffic that would fall to the railway form of transport. All that pessimism of the MacPherson Royal Commission report should now be put completely out of the minds not only of railway managements but of the economists of the country and, particularly, of government officials as well as the new transportation commission.

We in the house recognize, as ordinary laymen, that sometimes we can speak with more common sense and more vision of the future than the people who only look to the past. I say that this bill, if it is going to be a good bill, must have in it this concept that we know we are in for a period of growth and expansion that won't stop in two or three years. This growth is not dependent on any one single product, but will take place across the whole economy.

Mr. Pickersgill: Would the hon. member permit a question?

Mr. Hamilton: Yes.

Mr. Pickersgill: I agree with what he has said, but isn't he disagreeing fundamentally with the hon. member for Northumberland who has been telling us we are going to have another slump?

Mr. Hamilton: Mr. Chairman, I think it is only fair for me to comment that the minister uses this technique of interrupting my speeches with inconsequential questions that have nothing to do with what I am saying.

• (5:40 p.m.)

I am not talking about 1967. I am talking about the next 10, 20 or 30 years when this bill will bear on the economy of Canada. I do not think I can accept questions from the minister if he is going to take that attitude. I refer, in respect of this bill, to the fact that we have not learned the lessons we should have learned from the Canadian National-Canadian Pacific Act. In that act, following the Duff Commission, certain recommendations were made by parliament, thinking that they were leading the railways into a new age. Parliament asked the railways to correct all the mistakes of 40 years in respect of railway operations. Over and over again the statement is made in this act that they should adopt these proposals for efficiency in running the railways and reducing freight rates. Since the passage of that act in the mid 1930's, the railways have demonstrated that they have not paid any attention to this phrase "may recommend". Yet, through this whole bill we find the phrase "may recommend" repeated over and over again.

In drafting this bill I think the government has ignored the position we took on second reading that there should be some form of direction. I cannot draft the regulations. I cannot draft the amendments this afternoon, because there are so many clauses in the bill that are interlocked. I suggest that those who are responsible for the drafting of this bill, over the next few weeks, should take the time to redraft these clauses so that the minister can compare them to what the bill now says. If this new transportation commission is not going to make the same mistakes that were made 30 years ago, it must say that the board may direct. There is a big club we could use to enforce this direction. The club is the fact that we start out with large subsidies. Then, if you use the words "may direct" you can put in a clause which says that if they do not follow the directions of the board, then the commission has the power to reduce the statutory subsidies.

I make these remarks with all the seriousness I can bring to bear, because although we do not want to run a dictatorship through the national transportation commission, I or any other layman who thinks back to the days of the Duff Royal Commission can point to scores of examples of inefficiency in the operation of our railways in western Canada. I have raised these questions in the committee. I have asked the men who know more about the shipment of grain in western Canada than anybody else in the world, the heads of the co-operative elevator companies, whether they are aware of the savings which could be made by better operation of our railways on the prairies. They all agreed that they were. These savings could have been made 30 years ago, if the Board of Transport Commissioners had had the power to direct. Now, with the subsidy in this bill, the Commission can be given the power to direct and the penalty for non-performance is the reduction of the subsidy.

I make these remarks, Mr. Chairman, in the belief that only the minister can bring his influence to bear on this. I do not think there is any use in attempting to tell this committee that the railways have learned their lesson and will run a rationalized railway system in western Canada on the basis of "may recommend". I pointed out in the committee that we know, from the figures we collected over the last 30 years, the number of bushels of grain per mile generated on the railway lines. We know that the line which had the second highest volume of grain per mile of any branch line in western Canada was involved in an application for abandonment. Once you have an application for abandonment, you must include in the application a willingness to sell it for its salvage value. The only reason anyone could advance that the second most used line in western Canada would be up for abandonment was the fact that the grain had to be back-hauled over 250 miles of prairies to Saskatoon and then back over the south line. This back-haul may have made the haulage of the grain less profitable. When you look at a map, however, and realize that 200 miles of the back-haul could be saved by routing the grain across a bridge belonging to another railway company, you realize the savings which could be made.

Perhaps I might give a hypothetical example which may or may not be close to being accurate. If it costs one cent, per 100 miles to haul a bushel of grain and if 30 million bushels are coming off a branch line each year on the average, 30 million times two cents is 60 million cents a year which is going into the revenue of the railways. If much of that cost involved in carrying that grain to produce that revenue could be reduced by using the other person's line, then I think this would be a rational solution to the problem of reducing the cost to that railway.

Under this bill, there is the power to recommend that these things be done. I simply say that after the experience of the Canadian National-Canadian Pacific Act of the 1930's, this new board should learn from the mistakes of the past and should have the power to direct national operation. I put this view forward to the minister because only he has the influence to say to his officials that they should draft new amendments to these clauses in order to make this possible.

So, it is up to the minister now. I think he knows my views. I made them known in respect of Bill C-120 two years ago. I made them known again in the committee in respect of Bill C-231. I made them known in the house through my remarks on second reading. He knows that these observations are supported by the biggest customers the railways have, the grain companies of western Canada who provide most of the profit of both railways. He knows that they want it. He knows they have suggested it. He knows also that this is the mistake we made in the 1930's in respect of the Canadian National-Canadian Pacific bill. If this parliament wants to go forward with this bill as it is today and repeat the same mistakes, then those on the governement side cannot say they have not been warned.

In all sincerity, I ask the minister what harm would come from giving this national transportation commission the power to direct and the power to penalize by reducing the subsidy. What harm could there be? The only objections would come from the railways who are trained in squawking. On behalf of all Canadians, I should like to say that for once in this parliament I would hope that we could learn from the mistakes of the past and produce legislation which is a result of learning from those mistakes. I would hope that we could establish guide lines and give power to the national transportation commission so that it would be in a position to do something which we have been requesting for years.

[Mr. Hamilton.]

When I say this I have in mind the Duff report and all the speeches which were made by politicians when the act was passed with such high hopes over 30 years ago.

In the second part of my remarks which I address to the minister, I should like to refer to the essential problem of democratic government. In the history of democratic government, as more and more of the economy has come under the control of elected governments, it has become necessary to turn over the administration of large sections of parliament's responsibilities to boards, crown corporations, and other agencies of the crown. No one denies the history of the last 40 years in this regard, but one thought keeps coming to mind. If parliament turns over its power to a non-elected board, an appointed crown corporation or an appointed agency, how will the people through their representatives have any control over the actions of that board, crown corporation or agency without interfering with the efficiency of the operation? That is the key problem involved.

• (5:50 p.m.)

We have all witnessed the troubles parliament has experienced in respect of the Canadian Broadcasting Corporation. Had parliament been wiser in laying down guide lines at the beginning, and in renewing them from time to time, much of this trouble would not have existed. In respect of the transportation system we have a situation which involves not just what we see or hear on television and radio, but what we will experience economically because of the delegation of tremendous powers over all transportation services. There is nothing in this bill which indicates we have learned from our mistakes in delegating powers to other agencies, boards or crown corporations. All we have in this bill in respect of powers can be found at page 12 in clause 20. This provides that the board shall present a report to parliament each year.

No matter how carefully or how many times one reads this bill, nothing can be found of a definitive nature which gives parliament any control over the body established by this bill. Members of parliament cannot be fully informed about the operations of this transportation commission, nor can they under any circumstances be adequately qualified to deal with its operations in detail. The only thing we can examine is the report which is submitted to parliament. No definitive action can be taken.

Last night the hon. member for Peace River, in consultation with the committee of this party which deals with transportation, outlined an amendment which he proposes to make at the appropriate time. I commend that amendment to the minister for consideration, along with the suggestion that it be added to the clause in this bill regarding duties and powers. If we are trying to maintain some form of control on behalf of the people over this board, which will have unlimited powers, we must set up machinery through which this parliament has statutory control over its actions. That is the significance of the amendment to be proposed by the hon. member.

The Deputy Chairman: Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Pickersgill: Mr. Chairman, I am sure we all want to hear what the hon. member has to say because he is being very constructive.

The Deputy Chairman: There seems to be unanimous consent to allow the hon. member to continue.

Mr. Hamilton: Thank you very much. My remarks will only take me about five minutes. In Saskatchewan, we were suddenly faced with the creation of a large number of crown corporations and agencies following the election in 1944. The new government set up machinery the like of which has not been duplicated here in Ottawa, or in any other province of which I am aware. This machinery was elemental but it worked. A committee of the legislature was set up, namely the crown corporations committee. Any question asked about crown corporations was directed to the committee which was composed of approximately 75 per cent of the total members of the house. This committee is able to call before it ministers representing various crown corporations, boards of directors, branch heads and division chiefs. They can all be questioned by the elected representatives of the people. This gives the people the feeling that they have some control over the operations of these corporations.

The representatives of the people have control over the operations of these corporations in this way, and also have some method of providing guide lines on policy. In this way the people whom they represent feel they can control the actions of the corporations.

The minister, I am sure, will immediately say that the transportation commission is not a crown corporation, and that is true. I am sure he will also say that it is a court of record, and that is true, but it is also an administrative body. The only opportunity parliament has to influence an administrative body is through established guide lines. Surely those guide lines should be part of this bill. After the bill becomes law, it is through a parliamentary committee that we can effect policy.

Over the next few days I should like the Minister of Transport to consider the amendment to be proposed by the hon. member for Peace River, because I think its adoption would provide some relief from worry so far as the members of parliament and the people they represent are concerned. I am sure what the hon. member had in mind was that there be experts gradually seconded to the transportation committee whose loyalty would lie with the chairman. These members could develop an expertise in so far as transportation generally is concerned. They could then keep the chairman informed, who in turn would report to parliament through the committee reports.

If this amendment is adopted a standing committee would be established immediately a new parliament meets. Canadians would then have the feeling that competent people with expertise would be representing them so far as transportation problems are concerned. The hon. member did not suggest this would solve all our transportation problems, but he did suggest that this would, in effect, provide some parliamentary control over the board's actions. In this way our transportation systems could be operated in such a way that efficiency would not be hurt and still keep some parliamentary control.

The concept of this bill is good and we wish to support it. But it would make our task easier if the government indicated its acceptance of the amendment to be proposed. This amendment would not interfere with the efficiency of the board, but it would give some form of democratic control. If the government accepted this amendment we would not only benefit from the lessons we have learned as a result of the operations of the C.B.C. and the Board of Broadcast Governors, we would also benefit from the experience of hon. members on all sides of this house.

• (6:00 p.m.)

The placing of this tremendous segment of parliamentary power in the hands of an independent board is a great step. It must be considered in the light of the effect it will

have on our responsibilities to the people we represent. If we turn this power over to this independent board, we should have some way of examining and controlling it without interfering with its judicial capacity or efficiency of administration. This amendment would have two main results; we would have some control over the operational side of our transportation systems and some parliamentary machinery by which positive expansionary concepts of railway development could be put forward in a proper manner through permanent parliamentary machinery. The railways have demonstrated in the last few years that you have to twist their arms, tails, and everything else before they see the future as for example, the Pine Point Railway. I hope the minister, on whom our hopes now rest, will consider the amendment suggested by the hon. member for Peace River as being well-intentioned and not designed in any way to embarrass the government. I trust he will consider it to be an improvement to the bill that would make hon. members on all sides of the house very proud of our work on this bill.

Mr. Pickersgill: Mr. Chairman, perhaps the hon. gentleman would permit the minister to say a word or two on the last point that he raised. The amendment suggested yesterday by the hon. member for Peace River was very similar to a proposal made in the standing committee by the leader of the opposition of Manitoba; in fact, it is almost identical to that proposal. The idea of having a standing committee with some kind of trained staff that will assist them in dealing with so important a matter as the whole spectrum of transportation is certainly one that appeals very much to me.

There is a procedural question in my mind, namely, whether the right way to achieve that result is to allow the Senate and the Governor General to participate in making the rules of this house, or whether we should do it under our own standing orders. However, I am very much in favour of the objective of the hon. member for Peace River, endorsed by the hon. member for Qu'Appelle.

Mr. Hamilton: On that point, Mr. Chairman, if I may trespass upon the time of the committee for a moment, I think the minister recognizes that our concern is that it be done under the ordinary procedures of the house. The minister did not quite give that guarantee. There is close to the surface all this suspicion that has been generated over 60 years. We have to establish a statutory provision.

[Mr. Hamilton.]

Then, this matter would be written into the statute. It would not seriously affect the house rules, but it would impress upon the people who think we are going blind into this new era and turning powers over to a super-board, that we are guaranteeing by statute that this body will not get out of complete touch with parliament. That is the whole point of the amendment; we want a guarantee in this respect.

Mr. Saltsman: Mr. Chairman, I have only a few brief remarks to make at this time. Before raising the serious objection that I have to the principle of the bill, I should like to take this opportunity of thanking the Minister of Transport for the assistance he and his department have given to the Waterloo-Wellington Airport Commission in the extension of the airport runways. The minister appeared recently in the riding to inaugurate the runway extensions. This has been a great help to us, and we appreciate the efforts of the minister's department in looking into the problems involved.

The difficulty this bill raises is the question of whether the best interests of Canadian transportation can be served by competition in the field, or whether there is a need for an over-all, comprehensive body that will direct the use of transportation in this country and integrate our resources in the best way possible.

I think the question that has to be asked is not which is the best ideology, but which works best and which will result in the best service at the lowest cost to this country. Canada starts off with the disadvantage that we have higher transportation costs than other nations. Because of the vast distances that have to be covered in our thinly populated country, our transportation costs tend to be high. Every effort must be made to lower those costs if we are to raise our productivity. We certainly cannot afford to have any wasteful efforts in the field of transportation, whether those wasteful efforts be under the direction of the government or private companies.

This bill is somewhat schizophrenic: it says we are going to have competition, but at the same time we are going to lay an extremely heavy hand on that competition and see that it does not get out of control. I think we will wind up getting the worst of both worlds. We will not benefit from the advantages possible under a competitive system in those areas where competition will work effectively; neither will we get the benefits of a regulated

system for which the transportation field seems to call. We impose regulations and say that the railroads cannot undercut trucking companies; they cannot drive them out of business. I am not going to argue the merits of the railroads doing this or not doing it; I merely raise the point to indicate that we have seriously interfered with the effective working of the system. In order to have a free enterprise system working properly, to achieve competition there must be great freedom within the competitive area; you cannot pass regulations of this type saying, "You cannot compete ferociously with someone else."

The national interest that is involved in transportation is of the kind that the market cannot decide. What happens in transportation profoundly affects many other areas of our economy. For instance, exports are vital to Canada. They affect our balance of payments and our ability to buy from other countries those things which we cannot or do not produce. This nation may have to make a decision, under some circumstances, to maintain our exports at a level that will find acceptance in world markets. One such decision may have to do with the cost of transportation, which affects the cost of our exports and the price ultimately obtained for them.

Is a competitive system going to give us this kind of judgment? Can you expect a competitive system to make this kind of judgment? After all, the elements within that system can only act according to their own self-interest; you cannot expect them to act in the national interest when no one else is doing so.

For this reason, in our transportation policy there must be a concept which provides that the national interest is paramount. Transportation is so fundamental to everything in this country that it is paramount. It is at the root of whether it is possible to raise our productivity to the level to which it should be raised. We cannot leave this kind of decision to the free play of the market forces and the competitive elements. We have to equalize distance in this country. This nation was built on the basis of a railroad going from east to west. The people who built that railroad knew that parts of it would not pay in any purely commercial sense. It was true at that time, and is true today, that without a transportation policy that takes into consideration the difficulties in creating and holding together a country like Canada, we would not be able to easily maintain our nationality. The west will require special consideration for certain products.

• (6:10 p.m.)

The maritimes obviously need special attention for other reasons. There is hardly a part of Canada which will not be affected in a different way. We can talk about subsidies and we can deplore them but the truth of the matter is that everyone in Canada is subsidized. If we do not subsidize railroads, then we subsidize such things as old age pensions or we are subsidized through family allowances. Some of us subsidize others through tariffs that are put on products coming into this country. We are completely interrelated and interlocked, and it is impossible to distinguish those areas which are subsidized from those which are not. To try and make this kind of distinction is both futile and hopeless. I think we will have to devise a transportation policy for the benefit of the entire nation, and of those parts of it which may be uneconomic but will have to be carried by areas which bring profit. There can be no other way of doing this in a country such as ours. If we are to make a clear distinction between what is subsidized and what is not, then I would suggest that we will have to remove the entire machinery which we have built up, from tariffs down to social allowances, in order to return to some kind of a base. We cannot start from the base which we have now.

If we are to have a competitive system, then we have to remove the barriers which now restrict competition. We have built up a structure which by and large is a good structure: I am not suggesting that it be dismantled. What I am suggesting is that whenever we talk about a transportation policy we should recognize that this structure exists, and that it is neither possible nor desirable to make a clear distinction between what is subsidized and what is not subsidized as the bill attempts to do.

I would like to give to the committee an example illustrating the inefficacy of competition as far as railroads are concerned. If we had to depend on competition, I think we would have discontinued the railroad passenger service by now. There was a time when the C.P.R. tried to eliminate its passenger service as quickly as it could. During the committee's trip through the west, we heard some fairly clear indications from people who gave evidence before us that the C.P.R. was just about kicking off its passengers. They did not want them. The competing railroad, namely the C.N.R. was in a similar position from the financial point of view. They were not making any money on passengers either. However, the

difference was that the C.N.R. had a responsibility to the people of Canada and to national objectives.

Because of this responsibility, it brought back the passenger service. Although it sustained losses at first, we now see that it may pay off. The time may never come again when passenger service will bring money to a railroad, but I think we all agree that there are people in Canada who depend on trains to get them from one place to another. If this kind of service requires a subsidy on the part of the nation generally, then that decision has to be taken and we have to go along with this approach. The point I was making was that this decision was not made on the basis of free enterprise and competition. The decision was made by the railroad because it had a responsibility to act according to the needs of the people of this country.

I am afraid that if you say that transportation must be competitive, the effect will be that as soon as a railway discovers it cannot make a fast dollar on a particular service it will discontinue it. We have to ask ourselves whether this bill contains sufficient safeguards to prevent this from happening, and I am not convinced that there are. We have to ask ourselves whether this is the system that we want, a system whereby the profitability of the company will determine the transportation service which the nation will have. We should seriously consider whether the profitability of the company is really a reflection of the advantage to the nation as a whole.

I was interested in reading the evidence of a representative from the chamber of commerce who testified before the joint committee on consumer prices. The question of the cost of transportation as it affects consumer prices was raised by Senator Carter. I would like to quote that part of the proceedings as an illustration or what could happen. The purpose of competition in transportation services is to give the railroads a break and to allow them to raise their rates. The effect of an increase in railway rates will clearly be to raise the rates of every transportation facility in this country which will use the railroad rates as a base against which they will calculate their charges. In effect we will get a system very much like our tariff structure where the price of goods in Canada is determined under some circumstances by the price in the United States plus the tariff cost. The two combined constitute the Canadian price.

I would like to read into the record part of the proceedings of the joint committee on consumer credit in which Senator Carter asked questions and the witness, Dr. Farrell answered him. This appears at page 1878 of the joint committee proceedings:

Senator Carter: You are saying that competition is a good policeman so far as prices are concerned. On page 10, at paragraph 27, you say, "The very basis of the enterprise economy is competition." Then on page 24, at paragraph 75, you talk about freight prices going up, and you say: Thereafter the railways can be expected to adjust their rates along commercial principles. Then you go on to say: . . . it is anticipated that the highway carriers will raise their rail competitive rates to roughly similar levels.

Dr. Farrell: That is what we said.

Senator Carter: Is that not competition in reverse? How do you square these two sets of ideas?

Dr. Farrell: Well, the end of any era brings adjustment problems, and when railways are given a new set of working rules and are told to function, well, without a lot of rates being frozen, then charges are going to go up, and after the transportation industry has adjusted to the new set of rules, I think they are going to be efficient and will contribute more to Canada.

I will interject at this point to say that this very pious hope was certainly not borne out by his prior statements before the committee. I will continue the quotation. It reads:

Senator Carter: But these railways are making a profit or they would not be in business. So if they raise the rates because the other carriers do they are just increasing their profit.

Dr. Farrell: In the highway sector, yes, but then if they raise them so far—

Senator Carter: But how do you square that with competition as the great factor in regulating prices and costs?

Dr. Farrell: Is anyone from transportation here? I should like some comment.

Mr. Whitelaw: The transportation representative has just left.

Dr. Farrell: I must plead a certain degree of ignorance in trying to answer something on transportation.

Co-Chairman Senator Croll: That has nothing to do with it. Take the problem in its principal sense. What he is talking about is competition. You admit that the railway companies will have a new set of rules?

Dr. Farrell: Yes.

Co-Chairman Senator Croll: And you also admit that the transportation companies are now running along and making money.

Dr. Farrell: The highway sector.

• (6:20 p.m.)

Co-Chairman Senator Croll: What you say is that when the railways get a better deal the highways will immediately match them; and Senator Carter's point is that they are then taking an undue profit.

Dr. Farrell: For the short run it may well be—

I am afraid that this short run may turn out to be the long run; that the railroads may set up a system upon which other services will

base their prices, which may not be to the benefit of the public.

I should like to restate my point about the importance of low transportation costs in Canada. We simply cannot afford the luxury of any waste or excessive transportation costs because we already suffer from a geographical disadvantage. I would go further and say that this is one area where even the profit derived from transportation operations should accrue to the benefit of the public in an attempt to lower transportation costs so that we may increase our ability to become more productive.

This is terribly important, Mr. Chairman. The Economic Council of Canada pointed to one of the reasons we are less productive than the United States, and it is because of our higher transportation costs. It is vital that whatever we do in terms of bringing forward new legislation, that legislation should reflect our concern in the matter and be used as a means to provide the lowest possible transportation costs in Canada.

The government offers a mishmash. They have obviously recognized that they simply cannot throw the field of transportation wide open to competition. No one argues this anymore; not even the government defends that contention. So, the government imposes some regulations. I suggest that some of the regulations may be more unworkable than other aspects of competition. I regret to say this but the government has abdicated its responsibilities in taking this kind of philosophical position. It has shown its lack of willingness to govern.

Of course, Mr. Chairman, a planned system is difficult; no one will argue it is easy. It is easy for the government to wash its hands of this system and to say it will not make any decisions which caused difficulty in the past, or that it will only make partial decisions. The government can let the competitive forces which exist within the system make a lot of the decisions. Planning is not easy. It involves moving into an area with which we are not completely familiar. However, this should not deter us. Nothing great is ever easy. Nothing worth while is ever simple. New approaches have their problems. But the role of a progressive government is to face up to the problems instead of abdicating their responsibilities, and not worrying about the problems because they are too difficult.

In the field of rail abandonments, it is tough to decide that one piece of line should be abandoned and another retained. But somebody has to make the decision. Some formula has to be worked out to recompense those who are hurt. Our competitive system cannot make these decisions; they are decisions a government must make. Admittedly, the government has included some provisions in the bill to take these considerations into account; but since that is the case why not plan things properly and look at the total picture?

I suggest that more difficulty will be created if the government only just touch upon the problem, than if they really plan things in the best interests of the people involved right off the bat. For example, the government will not have too much trouble in deciding the wages of railway workers and when they should receive a raise. They can say that the railroads are competing with each other, and if one railroad does not have enough money to raise wages they need simply raise their rates. that is very easy to do, but the national interest is involved here.

An hon. Member: What would you do then?

Mr. Saltsman: I hear someone ask me what I would do. There is an approach to a sensible policy to which essential industries will have to face up to later. We will have to find a way to cope with the problem of generating confidence between labour, management and the government; of reconciling the interests of management, labour and the population in general. Why avoid it? We must do this sooner or later so we might as well start here.

The bill shies away from this. It indicates that the government does not want this kind of responsibility. The government seem to be saying "We have had enough of it. We have not handled it too well in the past and it has given us many headaches; in the future we want no part of it". This is an abdication of responsibility from the public's point of view.

In their planning, the government will have to allocate carriers to certain groups. Which ships will go where? Where will trains best do the job? Where will a trucking company operate more efficiently? Where do you build a highway or a canal rather than a roadbed? These are tough decisions, but nevertheless decisions which in the interests of Canada have to be made. The government must accept the responsibility for making them. We have to weigh one factor against another, which is not easy to do. But the decision cannot be abdicated.

My time is nearly up, and the only point I wanted to raise this afternoon was this: Despite all the work done on this bill and the hundreds of amendments proposed, some rejected, some accepted, we are now trying to go even further and bring in new amendments improve this, that or the other clause. But what the bill really needs is a complete re-examination of the principle upon which it is based. I suggest the government has taken the easy way out, and rather than plan for the benefit of the whole nation it has tried to find an easy way of avoiding the hard job of governing.

Mr. Nielsen: I was not a member of the transport committee when this bill was being considered, but having looked at the proceedings one of the most glaring omissions appears to be that there was no evidence at all adduced before the committee with respect to transportation by air, both of a private and of a commercial character. The second most glaring omission is that there does not appear to have been any evidence at all with respect to transportation in the northern areas of our country.

Sitting here listening to various members speak about transportation problems and the ramifications of the provisions of this bill, it struck me, as it often strikes me, that the members who sit here—I say this not unkindly—tend to confine their mental projections from St. John's, Newfoundland to Victoria on Vancouver Island.

• (6:30 p.m.)

They fail to appreciate the great need for north-south communication in this country, and for internal communication facilities above the sixtieth parallel as well as in the northern portions of provinces. The only reference in some 3,000 pages of testimony that I can find to air transport is that contained in a brief submitted by the Canadian Pacific. At pages 31 and 32 of the brief, they refer to a legitimate complaint not dealt with by the bill before us. The complaint should be dealt with by placing Air Canada under the same authority that other carriers are placed under. The bill before us brings transport by air, as the Canadian Pacific brief points out—to which the Aeronautics Act applies—under the jurisdiction of the new Canadian commission. The Aeronautics Act applies equally to all carriers except Air Canada. On an application for a licence Air Canada need not establish that the service is and will be required for the present and future public convenience and necessity. Its licence cannot be made the subject of the controls and conditions applied to licences granted to other carriers. In effect, the Governor in Council is the individual, with the Minister of Transport—not the Air Transport Board—controlling the domestic routes operated by Air Canada and the conditions under which they shall be operated.

Once Air Canada has made an agreement under section 15 or 24 of the Trans-Canada Air Lines Act with the Minister of Transport, it can make application to the board and the board is required to grant to Air Canada a licence under such terms and subject to such conditions as will enable Air Canada to perform the agreement. It seems to me that Canadian Pacific makes a valid point in its brief to the transport committee. The bill should direct itself to matters such as I have mentioned rather than dealing, as it does, with amending the Aeronautics Act for purposes of bringing dry leases on aircraft under the control of the board.

I, too, am fearful of the tremendous power to be given to this new commission with respect to one of the most vital segments of our country's economy. The Minister of Transport said he was very much in favour of the kind of parliamentary control suggested by the hon. member for Peace River, and the amendment the hon. member proposed yesterday. I was happy to hear what was said. The government is becoming more and more complex as the world takes on the complexities of the space age. This is no excuse to carve out of segments of public affairs concerning the people as a whole, great chunks of administrative authority and turning them over to what inevitably must become bureaucratic control. There are many shortcomings adopted in the methods of the Air Transport Board in dealing with the myriads of questions coming before it, with the only appeal being to the minister. Regardless of how valid an application might be for the beginning of a commercial air service, for instance, there is no appeal from the decision of the Air Transport Board. Almost invariably, the board bases its decision on evidence taken at public hearings before an individual who is not even a member of the board.

Counsel or assistant counsel hold hearings which are sometimes of great length, listening to volumes of evidence as to the public interest. Then, because of the routine adopted with respect to the internal management of the

affairs of the Air Transport Board, the individual hearing evidence presents a brief either in written or verbal form to the board. It is on the basis of that kind of information that decisions yea or nay are made.

What will happen? Under the bill there will be set up various committees or subcommittees of the Canadian Transportation Commission. One of those committees will deal with matters affecting air transport in the country. A provision of the bill ensures that the chairman of the Air Transport Board, whoever he may be at the time of the coming into force of this act, will be the chairman of that subcommittee. Over him and over all the other committees will be the chairman of the commission, who, in effect, will be the czar of Canadian transport of all kinds over which the government of Canada has jurisdiction.

This is a tremendous responsibility and tremendous power to put into the hands of an individual. Such administrative control cannot be abdicated by the parliament of Canada, by those of us sitting here representing the people by due process. The immediate word coming to mind, when looking at legislation such as this is Lord Hewart's new despotism. Such will be the inevitable role that this commission will play in affairs of transportation in this country.

Some sort of appeal procedure seems to have been written into this legislation. An appeal simply to the minister, as exists in the present Air Transport Board routine, is insufficient, notwithstanding that with his usual benevolence the minister probably views all such appeals with that impartiality for which he is noted. How does the bill affect air transport generally? The committee proceedings, as I have said, said nothing about this except for two pages in the brief produced by the Canadian Pacific.

• (6:40 p.m.)

The announcement which the minister made to the house on October 20 of regional air carrier policy deals with every phase of air transportation except one. It deals with the two main line carriers in Canada. It deals very briefly with commercial charter operations, but says nothing about general aviation. Notwithstanding the fact that we had recent amendments to the Aeronautics Act, the new despotism is still sniping at an area of aviation which made aviation possible in this country, indeed made Canada a leader in aviation matters throughout the world.

I refer to clause 93 of the bill. If it is passed as it stands it will make every person who is the owner of an aircraft, and who desires to lease it, subject to obtaining first the approval of the Canadian transport commission, or the subcommittee on air. This is an entirely undue restriction. I speak not simply because I happen to be found in a personal position here. Many people in general aviation throughout this country acquire aircraft and are able to do so because of the probability of being able to lease them on a dry lease basis.

I know there are lots of bootlegging operations of frustrated air carriers who purchase aircraft simply for the purpose of getting into the business and lease them to licensed air carriers. But when you pass a blanket provision, such as this amendment which is prepared to the Aeronautics Act, you are catching all the little people who happen to own aircraft.

The minister has been a champion, certainly while he has been Minister of Transport and I have no reason to believe that his philosophy was ever any different, of protecting the government air line, Air Canada, at all costs. In my view, this has worked to the disadvantage of air progress in Canada. I am sure he is aware of the editorials that have been written with respect to his policies, both past and present. When he announced in 1964 a segment of his air policy, he said that in the domestic field any development of competition should not compromise or seriously injure the economic viability of T.C.A. main line domestic operations which represent the essential framework of its domestic network services. In other words, he said there must not be the kind of competition which would put T.C.A. into the red.

The minister nods his head that this is right. I disagree with the minister, as have many editorial writers. I submit to him that this is not true Liberalism when he adopts this kind of philosophy, because it completely negates the philosophy of free competition. The air line that is going to survive will be that one that can compete efficiently and economically, and that is what a mass of editorials have pointed out.

The minister has said that the policy on regional services calls for a reasonable role for regional air carriers, which will give the regional air carriers a reasonable chance to operate without government subsidies. He used the word "reasonable" twice, and that indicates the extent to which the minister feels there must be that degree of control

which will ensure that there will not be any degree of competition which would have the effect of putting Air Canada into the red, no matter what kind of operation it may be, efficient or otherwise.

An editorial from a Saskatchewan newspaper commented as follows:

> Whenever a government determines on a policy which necessarily involves subsidization, this amounts to an increased direct tax on individual Canadians. In this reference, competition—which means less not more government intrusion in business and industry—is the only certain safeguard the taxpayer has against extravagant policy-making.

That is the view which has been generally expressed with regard to this concept of the minister's.

I notice in the guide lines of the government respecting regional air carrier policy that he tabled in the house on October 20, he has dwelt at length on the relationship of Air Canada with not only C.P.A. but other regional carriers. With respect to routes, route transfers and the division of routes between the two national carriers he said that some anomalies exist and more may develop as a result of future growth with respect to these divisions.

I suggest that when these guide lines were being prepared, the minister had no real regard or concentrated concern about the northern portions of the provinces and northern Canada generally. If ever there were areas in which there must be a far-sighted attitude developed toward the provision of transportation facilities, it is in those areas.

I can recall the minister's attitude when he was on this side of the house when it was suggested that a rail line be constructed to Pine Point. He and his supporters of the day joined together and voted against that. Now, of course, they clutch it to their bosoms as though it were their own idea, and a good thing. The minister of northern affairs was not present when the vote was taken on that matter, and so he can now feel free to say a very laudable thing was done in the construction of that railway, an operation that was paid for far earlier than was ever anticipated even by the proposers of the legislation at that time.

Similar developments are now taking place in the Yukon, the Northwest Territories and the northern portions of the provinces. I am sure the minister of northern affairs has acquainted the Minister of Transport of the tremendous development taking place in the Yukon where rail facilities are going to be necessary. The government has caused a survey to be made, paid for jointly by it and by the private concern that is interested in developing the ore in the area, but these developments will not come about unless transportation facilities are provided there.

What consideration does this bill give to the nagging problem of the barrier of the panhandle of Alaska cutting off, as it does, a great portion of the coast of British Columbia and the entire Yukon Territory? We have a copper mine coming into production next spring in the Yukon, New Imperial Mines Ltd., with a long-term contract for the supply of copper to world markets.

The normal docking facilities on the panhandle, on United States territory 105 miles away, are not adequate. It is now discovered that the ore will have to be brought from its place of production all the way to Vancouver in order to be trans-shipped to world markets, even though tide water is only 105 miles away.

• (6:50 p.m.)

All we get from the Minister of Indian Affairs and Northern Development is studies, studies and more studies. We are being snowed under by studies. The same number of studies will be undertaken now with regard to that problem as have been, and likely will be, undertaken with regard to the provision of a paved route between Alaska and continental United States. I do not particularly blame the members of this government any more than I blame the vast majority of the members who sit in this house for not being oriented geographically to the fact that there exists this vast area and this vast potential in the northern part of our country. Were it not for the transportation costs which form the major factor in respect of any decision which would bring a new development to fruition in the north, there would be all sorts of economic development in this part of Canada.

The richest silver mine in North America now is closing because the costs have risen to the stage now where they no longer can continue to compete in world markets. The biggest single factor in the cost of producing that product is transportation. Then there is the living cost. If hon. members believe that costs are skyrocketing here in the south, they would not need to pause very long in reflection to realize what the transportation cost for 1,500 miles from the port of Vancouver to White Horse means in relation to the additional cost of everything used in the north. When we have to carefully consider and

think twice before we order an extra package of insulation because it costs more to transport that 1,500 miles than it does to transport a pound of butter and such things, then we have some small insight into the over-all problem. Everything that reaches us costs more.

I do not think that subsidies are the answer. I do not think the subsidies which were suggested in the air policy that the minister tabled last October are the answer. If there were a more enlightened view taken in respect of allowing competitive services to generate in these areas, that well might provide the answer. If the government would get out of such operations as Eldorado aviation and allow private enterprise to fill the gap—which it can do and which it has assured the government it can do—that might be part of the answer. Then of course, there always is the government's obligation to provide surface means of transportation in the form of highways and railways.

Instead of sniping away, as clause 93 of this bill does—and I am only picking on clause 93 because it is an indication of what is happening and how the freedom of the individual is being eroded by this sort of direction—what the government should be doing in respect of the provision of adequate incentives to the development of aviation in the country is paying perhaps a little less attention to the Canadian main line and major regional carriers in the country and a little more attention to general aviation, which after all was the birth place of what the minister now is so proud of, Air Canada.

General aviation is being put in a straitjacket of rules and regulations which stifles the growth of this segment of the air industry. One example of this is that it is contrary to the air regulations to land or take off at an unlicensed air strip. It is a recognized fact that aircraft are being used more and more in the agricultural industry in this country. Aircraft are being used by the farmers. Yet, if he takes off and lands on a strip which is not licensed or which is on his farm, he is guilty of an offence. Of course there always are the over-zealous police officers who come along and lay charges. Under the regulations as they now exist this farmer would be guilty of an offence by flying under 500 feet when he was landing or taking off from his unlicensed airstrip. He may be engaged in spraying his crop, counting his cattle, or looking over his land in the spring preparatory to seeding. A very excellent television film about the part aircraft are playing in respect of the agricultural industry was shown last week end.

This type of niggardly regulation should be done away with. Instead of looking for more ways to restrict the growth of aviation in this country, the government and the officials of the Department of Transport should be looking for sections which they could take out in order to make it a little easier for private aviation to grow in this country.

Another good example of the way in which the healthy growth of aviation is being stifled in this country is the airport policy which does not allow convenient usage of private airplanes. I was in the city of Vancouver where persons wishing to use a private aircraft sometimes must wait until half a dozen other airplanes are pulled out of the way before they can take off. The reason for this is that the Department of Transport, by its policies, will not allow the construction and placement of "T" hangars such as the one now in use at Uplands airport. There is no earthly reason that this policy should not be changed so as to allow this kind of convenience for those who are in a position to take advantage of it.

The Deputy Chairman: Order. I regret to interrupt the hon. member, but I must advise him that his time has expired.

Mr. Peters: Mr. Chairman, I did not expect that I would have an opportunity to speak on this bill. I have, however, been very interested in reading it. I should have liked to have had the opportunity to participate in the work of the committee which gave consideration to this bill. I believe only the Minister of Transport could have designed a bill which starts out with a very clearly defined policy and then arrives at as many "ifs", "ands", and "buts" as this bill has. The bill indicates that there cannot be any real transportation policy. This really is not a transportation bill, as I had envisaged it a number of years ago when I moved a resolution suggesting that we have a national transportation policy.

• (7:00 p.m.)

I have long been concerned with many parts of the problem in Canada which relates to a national transportation policy. I was particularly interested in the shenanigans which took place in connection with the railways and the public attitude toward those railways. There are those who say that the Canadian National is a crown company and that the people of Canada own it. I do not think this is true; we do not own it. It is a little like the

case of the man who pays $10 on a new car and finds himself with a $10,000 debt. It is much similar to what is said about the Canadian National. We pay so much interest on its debt it is doubtful that we can say the C.N.R. is a government agency owned by the Canadian people. It would be more logical for those operating the C.N.R. to fit its operations to the needs of the public. They should provide leadership in the field of transportation. From my own experience I can say that in the field of public relations the Canadian National, so far as transportation of passengers and goods is concerned, is no more interested in the welfare of this country than a number of other railway companies. In fact some others in many ways serve the public better.

It is foolish for the government to suggest that a national transportation policy should be adopted, such as the one outlined in th s bill, if this whole problem is not faced, and I refer to the duplication of lines by the C.N.R. and the C.P.R. In my area there has been talk about abandoning a line. Yet people working for the railway have said that the cost of repairs in recent years warrants the operation of the line, without any increase in the volume of business, for a considerable period of time. There is a potential increase in transportation need in this same area as a result of the development of natural resources, but the railway company continues to threaten abandonment of this line.

Surely it is foolish to have two railway companies operating duplicate services across this country, competing in areas where competition is of no value. Railways in certain areas should be considered as public utilities and there is an advantage to the public in owning these facilities. With the advent of the block system, with one dispatcher controlling all the trains in a division, it would seem reasonable to operate these two lines as one. The minister will eventually have to face up to the necessity of public ownership of this public utility.

An hon. member suggested it would be to the advantage of Canada to place both railway companies on a free enterprise basis. If we do not combine them and operate them as a public utility perhaps that would be advantageous and would lead to a solution of our transportation problem. The railway companies admit they are facing a problem which they will not be able to solve even with the limited freedom provided by this bill.

[Mr. Peters.]

I am always bothered when the C.N.R. comes to parliament for more money, particularly when I think of its inefficient operations and the waste it incurs without satisfying the needs of the people it serves. I remember when I first came to Ottawa in 1957. At that time one could get a berth on a train running from here to northern Ontario. Anyone who had a little money could get an upper berth. Someone with more money could get a roomette, and someone with even more money could get a drawing room or a bedroom. Very soon after the railway company decided to stop sleeping car services at Englehart. This meant that people travelling from northern Ontario to Montreal had to get up very early in the morning at Englehart and travel the remainder of the distance by coach.

Not very long after that it was decided that sleeping car accommodation should be abandoned at North Bay. People travelling to or from this area had to make special arrangements in order to obtain sleepers. All this took place at a time when the railway companies purchased sleeping cars from the New York Central Railway at $10,000 per car. Those cars may well have been satisfactory for operation in southern Ontario but they were not satisfactory on this line. On occasion one would find the left side of a car completely frozen up while at the same time the temperature on the other side of the car was about 100 degrees. After discovering this fact I found out that the C.N.R. was charging the province of Ontario $250 per month to keep these sleepers on this line in northern Ontario. Presumably it did not take the C.N.R. very long to pay for the cost of these cars.

Obviously these companies were and are not interested in passenger service. An example of this is the fact that trains going to northern Ontario and northern Quebec met at stations at about two o'clock in the morning. They did not depart until four hours later. During the interval the passengers waited in cold stations. I remember leaving Ottawa on numerous occasions to catch a train which was supposed to depart at 10.55. After several such trips I arrived no earlier than 1.30 a.m., only to find that I was approximately an hour early.

• (7:10 p.m.)

I was very surprised when I went there one day to find that the train had gone. One of the chaps at the station said it had left at the regular time. That night it left about 11.30. The railway had made the service so bad that obviously nobody was travelling on the train.

Then it went before the board and asked permission to drop the Continental, a train that travelled from Montreal to the west coast. The railway dropped it. I invite hon. members to travel from northern Ontario to Ottawa or Montreal by train. They will find that you get to North Bay at about twelve o'clock and the other train arrives any time after two o'clock. The minister may smile, but this is how the Canadian National operates. The connecting train was so late that, not having anything to do in North Bay and not particularly wanting to sit in the station all night, I stayed on the other train, went to Toronto, had my breakfast in Toronto, spent two hours there and caught the train from there to Ottawa which was held up here at the Beachburg siding for five or ten minutes while the train from North Bay passed through on its way to Ottawa. In the meantime I have travelled half way around Ontario to fill in the time. The railways have not been interested in passenger traffic.

Then there is the question of freight. I was interested to learn that nobody in my area ships cows by rail. If under the community sales system they ship cows by rail to Toronto, a distance of about 350 miles, it takes anywhere from two to four days for the cows to reach Toronto. Anyone who ships cattle knows the cost involved in feeding and watering them, taking them off the cars and putting them back on again, and the fact that there is four days' shrinkage in the cows also has to be taken into consideration. This is a very expensive way of moving cattle to Toronto. These people can ship their cows from the community sales barns in New Liskeard and Earlton at night and they will be in Toronto the next morning and on the market that day. I have asked the railway why they cannot provide this type of service. They admit that they could but say they are not going to bother because it would take some planning and they would have to make arrangements they had not previously considered making.

Mr. Pickersgill: Mr. Chairman, I wonder whether I could ask the hon. gentleman a question?

Mr. Peters: Yes.

Mr. Pickersgill: Is the hon. gentleman talking about the publicly owned railway, and is he giving this example as an illustration of the kind of advantages of public ownership for which his party stands?

Mr. Peters: We are not really involved in public ownership. The Canadian National Railways are not publicly owned.

Mr. Pickersgill: Oh, oh.

Mr. Peters: We bought it but we have never paid for it. The minister can laugh. Just let him look it up.

Mr. Pickersgill: We have been paying for it for years.

Mr. Peters: We have been paying for it ever since the Grand Trunk went bankrupt. We are still paying for it. We do not repay anything on the principal; we are having enough trouble paying the interest. We do not own it. We might as well be renting the damn thing. This is also true of some things in the ownership of the Ontario government.

If we are to have a truly national transportation system we will have to relate it to the needs of the people and provide a satisfactory service. The minister can laugh. We can put any public utility out of business if we wish to do so. We can slow down or stop any train operating if we wish to do so. All we have to do is make the facility so bad that it does not satisfy the needs of the people using it. We have done that very well in the cases I have cited as examples.

As I see it, this policy is not going to help the situation one bit. We are trying to relate the problems that face us to Canadian Pacific and Canadian National without really helping either company to solve them. Before we really solve the problems in this area we have to provide a utility that is publicly owned and controlled and will be used for the advantage of Canada. We the people of Canada are willing to make the necessary contribution in the way of subsidies.

I do not think the situation has changed since the days when the bridge principle was introduced. I do not believe there is really any objection to the subsidies we provide for those areas that cannot carry the facility. In my opinion we have to try to get some advantage out of the facilities that are provided. Revenue must be obtained from them. Only recently have the railways given any consideration to some of these problems. Canadian National and Canadian Pacific recently made a deal whereby Canadian Pacific would get out of the transportation field in the Ottawa area. What has happened since this arrangement was brought about? We now have trains running from Toronto to Ottawa and Toronto to Montreal which are providing a reasonable

service. For the first time we are finding that the people of Canadian National are proud to talk about their Rapido train. This is no advance in railroading; this type of transportation has been provided in Canada for years. I can remember when the Silver Bullet of New York Central travelled through Canada with one stop at St. Thomas. That train averaged over 80 miles an hour; on a number of occasions it averaged over 90 miles an hour.

We now find the Canadian National, 20 years later, bragging about the fact that they have the most rapid transportation system on the continent. This type of facility was present in Canada for a number of years, sort of in bondage, but it was there for Canadians to examine and find out how transportation could be made profitable. As long as we are not willing to face the problem of Canadian National and Canadian Pacific and their relationship, as long as we are willing to call for competition between them, this bill will not provide the type of national transportation policy that the government suggests it will provide.

Other problems will have to be faced more realistically than they are today. This bill is a catch-all to the extent that the government has introduced a completely new category of transportation and has literally thrown it in with the National Energy Board. We will have to face this problem because it relates to the railroads and their ability to produce economically. I refer to commodity pipe lines. There is on the order paper now a bill involving the Shell Oil Company and the building of a small pilot, research pipe line at a cost of approximately $50 million. The company hopes that this commodity pipe line will carry sulphur, I believe, from Saskatchewan to its refinery on the coast.

I think we should be quite happy to support it in its desire to develop this facility, which has been used in other countries. It means that through the medium of oil as the carrier they will be able to move the vast supplies of sulphur, potash and gypsum that are being found on the prairies and are now being hauled by the railroads. This is a new form of transportation that will create as much havoc as the railroad freight differentials, tariffs and the advent of trucking facilities, particularly trucking facilities which are under the control of the railroads and are competing with the railroads for similar types of freight carriage.

Under this bill these lines are classed as combined lines. Even the government could not make up its mind whether they would be commodity-handling capsules, sludge carriers or lines handling commodities transmission. In recent days we have had some experience of pipe lines, as has the government. This experience will probably indicate whether the National Energy Board should control the licensing and handling of the transmission of commodities by pipe lines. Our experience indicates that the National Energy Board's operations in licensing and controlling the transmission of commodities owned or bought by companies should be governed by the national transportation policy.

• (7:20 p.m.)

Pipe lines will play a very important part in the future. In England it has been found that coal can be moved by pipe line. Experiments have been conducted in the use of pipe lines for the movement of capsules and packaged freight. According to the developments outlined in the submission by Shell Oil, I am sure that Canada will lead in the movement of many commodities through this medium. Of course this means that the miles and miles of box cars which one sees travelling across the prairies may eventually come to an end. It may be possible to transport grain and other commodities such as sulphur, gypsum and potash by this new transportation medium, and this will have a direct bearing on the volume of business undertaken by the railroads.

I think a saving could be affected if the government would think in terms of the public ownership of rail transportation facilities because I believe that there is a vast duplication of services in this area. It seems that the Canadian Pacific Railway wishes neither to continue nor to discontinue passenger service. It appears to be a dog in the manger in this field. If the C.P.R. were to say that it will upgrade its passenger service and let the C.N.R. out of that service, then I think the government would be well advised to consider such a proposition. However, I think it is possible for the two railways to provide the kind of service which the Canadian public should have and to do so economically through competition between the two railways which are operating side by side.

It is a fact that the C.P.R. has tried to discontinue certain lines. I remember comparing C.P.R. and C.N.R. fares for the same kind of accommodation on the North Bay-Ottawa run. I found that the C.P.R. rate was three times as high as the C.N.R. rate. This is an indication of Canadian Pacific's interest in that service. It is also an indication of the

non-existence of competition between these two companies because obviously the Canadian Pacific had increased the fares so as to discourage passengers from using its service. I am sure that considerable discussion will take place on some of these clauses but I believe that our attention should be drawn mainly to clause 1 because it seems to me that in the preamble of this bill the minister has expressed the hopes and aspirations of every member of parliament to define and implement a national transportation policy.

I think also that hon. members are concerned about the operation of highway transportation and the role it plays. I am referring both to C.N. transportation and to the subsidy we pay for C.P. freight as well as the role played by independent transport in this particular field. It is certain that the advent of increased shipping on the St. Lawrence seaway must be considered in relation to transportation. I am aware of the argument recently advanced in the house regarding the closing of the ports on the lower St. Lawrence river and the fact that this plays a considerable role in the freight costs and the movement of goods through the ports in the maritimes. I am also aware of the responsibility which the government must bear with regard to those ports and to communities dependent on the facilities that are provided. I believe that the general public is aware of the fact that these problems will not be solved with the passing of the bill.

I know that the hour is late and that the possibility of the minister commenting tonight on some of the major problems is remote. However, I should like to ask him to give the house a reasoned explanation of why the government will not consider the nationalization of the Canadian Pacific Railway Company so as to make possible the integration of the two railway companies and eliminate what I am sure the minister will agree is excessive duplication. Even in their present operations the railways are attempting to eliminate some of this duplication. Not long ago a matter was dropped from the order paper relating to the operations of an independent distributor for the express and freight sections of both railways in the Ottawa area. The railways tried to make an arrangement whereby these services could be integrated so that only one truck would make the deliveries from both railways instead of having two separate services. This duplication extends throughout the whole system. I think everyone here would agree that great savings could be effected if duplication in this particular field were eliminated.

Mr. Churchill: Mr. Chairman, I rise at this time not to make a speech on this bill but to ask the Minister of Transport if he would not consider it wise for the house to recess at this stage until the call of the Chair for royal assent. Alternatively, would he not agree to the house taking an hour off to enable us to have some refreshment? The minister has been in the house now for several hours and I am interested in his health. I think he should have a little relaxation. Would he consent to either of those two suggestions?

Mr. Pickersgill: Mr. Chairman, the solicitude of the hon. member for Winnipeg South Centre has almost but not quite melted my heart. An arrangement was made last evening behind the curtains to adjourn the committee stage on this bill in order to expedite other business to enable the house to adjourn for the Christmas recess this evening instead of tomorrow. This was done on the express understanding that today we would use the time available to deal with this bill which I, and I think a lot of us, had hoped could be passed before the end of the year. My hon. friend the house leader has indicated that this present session of parliament is very far from over. We have to have another session in 1967, and some of us think that it would be rather a good idea to have a relatively short session in 1967 with some time to enjoy the centennial in the middle of the summer.

• (7:30 p.m.)

The hon. member for Winnipeg South said earlier today that this bill should not be rushed but should be given adequate consideration. Therefore I had hoped that we would have all the speeches made today by the members who are in Ottawa at the present time which are to be made on clause 1. I know there are some members who are greatly interested in the bill but are unable to be here today. They will want to say something about it when we come back on January 9, but as the hon. member for Winnipeg South very fairly said earlier, although he thought we were trying to move too fast with the bill he also admitted that the process had been going on since 1958.

There is no question that we are going to be faced in the new year with a very serious problem, particularly with respect to the railways. All sorts of deadlines have to be met, as I indicated yesterday, by December 31. If this bill cannot be accepted by parliament within

a reasonable time in the new year, all sorts of interim arrangements will have to be made that I think would be very undesirable and not really in the public interest. Therefore as long as there are any members who have anything more to say on clause 1 of the bill I would hope we will take the time to proceed, and that those hon. members, even the most conscientious, who really feel the need for refreshment will do what I did, I confess, a little while ago, which was to take half an hour off and get something. If the hon. member for Winnipeg South Centre would like to go up to my room I will have some sandwiches sent in to him.

Mr. Churchill: I see the minister does not agree with the two useful suggestions I put forward. I am prepared to agonize with him over the difficulties which face us if the railway bill is not passed early in January, but everything he has said to us now should have been said to his colleagues in the cabinet. Apparently his influence has diminished to such an extent that he has to make an appeal to the opposition. We are very sympathetic toward this minister and realize he was pushed out of the way by the Minister of National Health and Welfare; otherwise his bill would have been before us a lot earlier than this. He has not had much support from his party today, but we will co-operate with him and I will make my speech on the bill later.

Mr. Horner (Acadia): Mr. Chairman, looking closely at the bill I have realized that it arises out of the recommendations of the MacPherson royal commission. In a sense it is born out of that commission. The hon. member for Winnipeg South pointed out earlier today that the atmosphere in railroading today has changed. The minister admitted this in the committee and I could quote his own words. The railroads admit this too. The C.P.R. and C.N.R. have admitted that the atmosphere that brought about the establishment of the MacPherson royal commission has changed greatly between then and now.

In 1959 the atmosphere was depressing; the railroads were in financial difficulties. Today the opposite is true. Railroading has been given a tremendous boost by the recent huge grain shipments, by the development of the potash industry in Saskatchewan, by the iron ore mining developments in the Peace River country and by the development of the Pine Point railway, which we brought about and which the minister voted against. The hon. member for Winnipeg South went into this fully and I will not repeat what he said, but I think it should be pointed out that the shippers or consumers initially brought about the MacPherson commission. The commission was appointed to look into their complaints.

The commission was asked to look into the inequities in the freight rate structure, their incidence upon the various regions of Canada, and the legislative and other changes that could and should be made in furtherance of national economic policy to remove or alleviate such inequities. One could interpret these terms very broadly, and the commission did. They even studied the Crowsnest pass rates, and I think in a sense studied them for too long.

In opening his remarks yesterday the minister said something about the railroads being the backbone of Canada. He then went on to say that their bony structure must be healthy. By that statement and by his statements in the committee he has shown he is vitally concerned about the financial position of the railroads. This is why I ask why the royal commission was set up in the first place. It was set up to iron out some of the inequities experienced by consumers or shippers in the matter of freight rates.

What did the British Columbia government say in their brief to the committee? They said:

> We must conclude that the recommendations of the royal commission in regard to inequities in the freight rate structure are not reflected in Bill C-231.

In other words, Bill C-231 does not answer what the royal commission was set up to study.

The brief goes on:

> It is a well known fact that in 1959 the railways did not request the government of the day to appoint a royal commission.

That is a well known fact. The royal commission was brought about by representations made by shipping concerns and consumers in the transport industry generally which urged the then government to study the whole question of freight rate inequities. I happened to come across that quotation in the British Columbia brief to the effect that the bill does not answer these inequities, but I point out that this bill was born out of the royal commission, and I think this is very important. The answer given by the bill to meet these inequities is, in a sense, to be competitive. Competition will aid the shipper and consumer in the transport industry. It will also aid the railroads.

• (7:40 p.m.)

If competition is the answer we must define what we really mean. In reading clause 1 and studying some of the amendments suggested to the committee on this clause one must take into consideration that ultimately competition is the answer. If that is the case, then do we mean by competition, competition between the railroads or competition between the trucking industry and the railroads? We believe firmly that trucking firms must compete with one another. If competition is the ultimate answer why does the bill not spell it out? Railroads must compete with one another. It is well known that the Canadian National and the Canadian Pacific do not compete. They operate under the same rate structure. Under the Railway Act the Board of Transport Commissioners has provided one rate for one haul up to now. The railways have the same rate structure for a given haul. If I am to believe that competition is the answer then the railways must compete with one another and they must be able to fix any rate they want to. Referring to that subject I point out that the manufacturing industry presented a brief, part of which is to be found in committee proceedings No. 27 at page 1926. They were speaking about an amendment to the bill.

As the minister and the committee know, I have not gone along with the idea that competition is the ultimate answer. I doubt that the amendment suggested can be incorporated in the bill. If the bill is to pass and if competition is the answer, then let us have full competition and not partial competition. Paragraph (a) of clause 1 says:

(a) regulation of all modes of transport with due regard to the national interest will not be of such a nature as to restrict the ability of any mode of transport to compete freely with any other modes of transport;

The association recommends that these words be added:

Nor any carrier to compete freely with any other carrier.

As the clause stands it deals with any mode of transportation competing with any other mode of transportation. In other words, we want competition between the railroads and the trucks, between the railroads and the air industry, but we do not necessarily spell out that there shall be competition within the various segments themselves of our transportation industry. I repeat the words of the suggested amendment:

Nor any carrier to compete freely with any other carrier.

The minister believes that competition is the answer. I know he has wrestled with this problem because in committee proceedings No. 23 at the top of one page he says that this was a difficult conclusion to come to but that after a great deal of thinking he could only come to the conclusion that competition was the answer.

The amendment I have referred to has much to commend it and I think it would go a long way toward solving the inequities of the freight rate structure. If we are to have competition let us have full competition. I should like to hear the minister's comments about this suggested amendment. What is wrong with it? Will the railways be able to compete with one another, because we shall have no rate-setting board such as the Board of Transport Commissioners under this new legislation? Under the old act the board had a lot to say about fixing rates. That is the first matter on which I wish to hear from the minister.

One can look at what Mr. Gordon had to say about competition with the Canadian Pacific in committee proceedings No. 24 at page 1765. Mr. Gordon said:

—but certainly we will talk to the C.P.R. and they will talk to us, when there are particular freight rates to be fixed. We will consult with each other because usually the applicant is dealing with both railways—

That is the point. Usually the applicant is dealing with both railways. We are looking for the complete answer. It may be that the railroads consult with one another in trying to find the proper rates for a given haul. I am asking, what will happen when both railways are not providing similar services to the same industries?

I am in some doubt the interpretation of paragraph (c) of clause 1. It is my belief that this all encompassing commission will in a sense regulate and set out areas. This board will take unto itself the thinking formerly done by bodies such as the Air Transport Board, the Board of Transport Commissioners, the maritime commission and so on. It will be an all-encompassing commission and under it various segments of the transportation industry may be more or less parceled out. In other words, it may say that air freight can do so much but no more, or it might step on the railroad industry. The same thinking might apply to the trucking industry.

My question is, will the commission parcel out parts of the transportation industry to the various modes of transport in the industry?

This is the difficulty the Interstate Commerce Commission of the United States faced. If we run into that difficulty then the loser under Bill C-231 will be the consumer of the services of the transportation industry, the shipper or the buyer of goods shipped. As soon as the commission starts parceling out various segments of the industry to various modes of transportation, in a sense you do away with competition and bring about a situation where instead of bringing in lower prices there is a tendency to create higher prices.

I am not the only one in doubt about the interpretation of paragraph (c) of clause. 1. With regard to the Canadian National brief, as found in committee proceedings No. 24, page 1769, the hon. member for Notre-Dame-de-Grâce said:

> But (c) seems to deal mainly with co-ordination in development, regulation and control. It seems that that co-ordination should be necessary in a large country like Canada where we have limited funds for investment in transportation generally.

In other words, he believes that to some degree it is necessary to bring all modes of transportation under one commission so that parts of the industry can be parceled out to various modes of transportation. This is the interpretation of paragraph (c) given by Doctor Bandeen, a statistician for the C.N.R., who said:

> Well, the minute you do that you are saying that competition will not let the best or the cheapest carrier come to the top and prevail. You are saying we have to go beyond competition and determine which carriers shall be where, and how much, and how effective. That is what we are arguing against. Either the bill is for competition as it says at the beginning or it is not. The problem that has come up in the United States has arisen—

This is the point I want to drive home and this is the argument I make.

> —precisely under this same type of wording—

Under this same type of wording.

> —where they are attempting to co-ordinate the various modes.

• (7:50 p.m.)

I would like to hear the minister deal with this point in regard to paragraph (a) and paragraph (c) because Dr. Bandeen, a very capable economist, said in the committee that the difficulty in the United States "has arisen precisely under this same type of wording." I think there should be something more definite in the clause. If this type of wording got the United States railroads into difficulties, we should consider the problem. I could read the rest of this page of the committee proceedings and the top of the next page but I will not take the time to do so except for this sentence, again from Dr. Bandeen's evidence, when he is talking about the commission acting as a research and regulatory body:

> We fail to see the advantage of having these two combined but, since the bill suggests they should be, all we are doing is cautioning that if they are combined, let us hope that they keep their two arms separate and do not misuse their research powers in a regulatory field.

Dr. Bandeen said we should not get into the same difficulty that the United States got into with its transportation policy and the Interstate Commerce Commission, and I believe he made a very sound argument.

I could read what the chairman of the standing committee said when questioned on whether or not the committee would again hear the C.N.R. and C.P.R. witnesses after some amendments were approved by the committee. I shall quote what the chairman said because the question may be asked now, why did you not get that fully explained in the committee? We were led to believe in the committee that the C.N.R. and C.P.R. witnesses would be recalled after we had heard briefs from other users of the transport industry. As recorded at page 1751 of the proceedings the committee chairman said:

> May I bring to the attention of the committee that it is the intention—it was the steering committee's intention earlier—to bring the C.N.R. back to this committee. The C.P.R. will be coming back—

There are no ifs or buts about that.

> —and I would think that after the questioning and the information has been laid before this committee as to what costs they are putting before the committee, we will be in a position to act, after the other briefs have been heard.

So we had reason to expect that the C.N.R. in particular would have been back and that we could have questioned Dr. Bandeen and other C.N.R. officials on Dr. Bandeen's statement that this precise wording got the transportation industry into difficulty in the United States.

I should like to touch on one other subject very briefly, namely, the amendment I have suggested to line 4 of clause 1. I suggested that the word "adequate" should be added. I have talked to the minister about it and he, having had time to think about it, has said that this word is acceptable to him and to the government. I do not have very much more to say except that I hope the minister will answer some of the points I have made with regard to paragraphs (a) and (c). Whether the minister wishes to move the amendment I

suggested or wants me to move it does not really matter.

At the end of the remarks made by the hon. member for Winnipeg South the minister asked permission to ask one small question. He said, "What else can we do? Can the freeze that is now on the railroads go on forever?" In other words he was saying, Isn't this bill better than doing nothing?

Mr. Pickersgill: No, no.

Mr. Horner (Acadia): I thought this was a rather weak argument because no one believes that the freeze placed on the railroads in 1959 and the subsidy paid because of it should go on forever. But if a freeze was considered necessary in 1959, so necessary that it was acceptable to parliament and the country, how can one readily accept a bill which says, Take the freeze off and let everything go? How can one accept those two principles? This is where the minister's argument was weak.

Certainly we agree that legislation is necessary, but should it be legislation that takes the freeze off and opens the gates wide? The freeze was put on to control freight rates. If you are going to take the freeze off you should not allow freight rates to go sky high. I agree that there should be legislation and that the freeze must eventually come off. Maybe now is the time to take it off, but if it is taken off it should be done in such a manner that there will be some degree of hesitancy on the part of the railroads to increase freight rates, and there should be some overseeing body with the authority to question and examine the necessity for any freight rate increases after the freeze is removed.

The minister's argument was weak when he said, "This surely is better than nothing." If the bill is being introduced for that reason and that reason alone, then we would be better to stick with the freeze until the minister and his officials or the transport committee can devise a new bill or proper amendments to this one to solve some of the inequities in the freight rate structure which were the cause of the MacPherson royal commission being established. This bill is born out of that commission but it solves none of the inequities of the freight rate structure other than to say that the structure is too complicated so we should throw it wide open, start all over again and see which rates go up and which are abused, and if a shipper is abused and complains loudly and proves he is being hurt by sky-rocketing freight rates we will give him a hearing. In some cases he will be expected to prove not only that his interest is affected but also the public interest, be it the welfare of his community or province.

This bill really does not solve the question that the commission was set up to study. It does not bring about a solution to the inequities in the freight rate structure. It does the very opposite and therefore is not the answer that the Canadian people want. The bill takes the freeze off but it is a bill and nothing more than a bill and the reasons advanced are not good enough for the house to pass it before January 1 or even by the end of January. But who knows?

Mr. Pickersgill: Mr. Chairman, I hope hon. members will not die of shock when I say that the speech that has just been delivered by the hon. member for Acadia is much the best speech I have ever heard him deliver in the house and one of the best speeches I have heard in the house on a very complicated subject. But before I deal with his speech I want to say a word about something I was told. This is perhaps very unfair to the hon. member for Waterloo South and if he wishes to say so I shall accept that, but I was told he said, and certainly I heard the hon. member for Timiskaming say in what I thought was the most extraordinary speech in favour of public ownership I have heard in the whole course of my life here, when he condemned it up hill and down dale and then said we should have more of it. I do not imagine that the hon. member for Waterloo South, who perhaps has a greater capacity for consistency than the hon. member for Timiskaming, would have made that kind of speech.

• (8:00 p.m.)

I believe, however, that any discussion of nationalization is beyond the scope of this committee. In the committee we are supposed to discuss the bill which is before us. I think it is proper on second reading to argue that we should not have this bill but rather a bill to nationalize the railways or any other type of transport, but once that point has been settled by the house I think we should then deal with the bill which is before us. I did not object when hon. members wandered back into this field, but I do hope that at some stage we will decide to stick to the bill before us and deal with it.

Mr. Barnett: Mr. Chairman, would the minister permit me to ask a question? He referred to the discussion we had on second reading.

Does the minister recall that on second reading of this bill he said that he appreciated the suggestion that it go to a standing committee and made it very clear that in passing second reading we were not in the ordinary sense committing ourselves to its principles. He suggested that on clause 1 we could in effect reappraise our whole position in respect of the principles set out in this clause.

Mr. Pickersgill: I do not agree entirely with the hon. gentleman. We both are speaking from recollection and one's recollection sometimes is not borne out by the written record.

Mr. Barnett: If the minister will allow me to say so, I noted that statement at the time because it was a rather unusual one for the minister to make.

Mr. Pickersgill: Perhaps the hon. member would listen to my reply. The position I took was, I think, that there were only one or two points which I thought were being decided on second reading and one of those points was that the principle of nationalization was rejected. I am just saying now that we have had nearly two days of general debate under clause 1, and I would hope that after one or two members who are not present in the house and who I know wish to say something on this clause have spoken when we come back in January, we will be able to get down to the content of the bill.

As the hon. member for Comox-Alberni very properly said, apart from the broad principles of the bill, I will be quite willing to consider any reasonable amendment which I think will improve the bill, no matter which side of the house it comes from. When I say this I should like to add that I am pleased to say now that the suggestion made by the hon. member for Acadia about putting the word "adequate" in clause 1 to me seems to be a distinct improvement. Like him I do not care which of us moves it. I might beat him to the punch, but in any case he was the author.

Both the hon. member for Acadia and the hon. member for Qu'Appelle earlier talked about the pessimism of the MacPherson commission report and the much changed conditions since the time that report was produced. I will not be so partisan as to give any reasons for those changed conditions, but I am very glad to have the nod from the hon. member for Acadia. I was particularly cheered when the hon. member for Qu'Appelle said he believed that the prosperity was going to continue, because I really did not like the gloomy tone of the hon. member for Northumberland who seems to be trying to talk us all into a depression again.

I do not think that anyone who has anything to do with western Canada these days can feel very depressed, because there is the kind of atmosphere in western Canada that there was when I was a boy and which unfortunately has been rather lacking through much of my adult life. I think every Canadian is very glad that this is so. I really do not think that the main purpose of the MacPherson commission was to deal with the inequities of freight rates. That was one purpose. I think the main purpose was to deal with a problem which had arisen because of the horizontal rate increases which were rolled back by the previous government at the time that commission was appointed. In order to roll them back the policy of paying subsidies to the railways was started, both in respect of the C.P.R. and the publicly owned railway. This was a new departure. To be quite fair to the previous government, I must point out that they did not say it was a policy. They said it was an expedient while a policy was being formulated.

The basic problem so far as the railways are concerned, however, is that those subsidies which started at $20 million have now reached $110 million. The subsidies which are being paid today do not take into account the new wage settlement in the railways which is approximately 24 per cent over a three-year period. Unless the railways in some way or other are permitted to improve their financial position, these funds will have to be raised somehow. They can be raised only in two ways. One source is from the shippers and the other is from the taxpayers. I think most of us in every part of the house feel that taxes are pretty high now and that we do not want to have automatic increases in taxation for specific services if those services can be made to pay for themselves.

I think it is as important to get rid of waste, inefficiency and redundancy now as it was when this was recommended by the MacPherson royal commission. It is just as important now as it was then, notwithstanding the great prosperity we have at the present time. We have to face this. We cannot forever keep putting it off.

Just as much as the hon. member for Qu'Appelle does, I regret the misunderstanding, call it what you will, about the action of the Board of Transport Commissioners. I do not think it has facilitated the passing of this bill. I think hon. members have been very

charitable with me because I think they realize that nobody was more embarrassed than I. The fact is, however, that we really must not put off forever the abandonment of lines which really are not needed, because in this way we are just making the taxpayers pay for them for very little purpose. At the same time we must make sure that we do not abandon any part of the structure which is needed or which will be needed. This is one of the things with which we have tried to deal in a constructive way, partly in this bill and partly by the government's voluntary action in undertaking to protect the great majority of the lines in western Canada. I think that action has created a much better climate in western Canada than there was before, and I think hon. gentlemen opposite were generous enough to say that.

• (8:10 p.m.)

That is not the only redundancy. There are services which were once important but which the railways should get rid of when there is no social advantage involved and when we have to collect taxes out of the pockets of the Canadian public to pay for them. To the extent we can get rid of redundancy and unnecessary services in order to make the railways more efficient and obtain better value for our money, we will not have to raise extra money through taxes or through increased freight rates and rates for other services.

In order to get away from the problem of ever-mounting subsidies we must rid ourselves of useless expenditures, or at least those that cannot really be justified. We must recognize that we cannot have increases in costs and wages and continue indefinitely to have static freight rates, unless the taxpayers are going to pay the bill. That is what has been happening ever since the freeze was established. We are faced with a real crisis in this regard and there is no question about that.

Up until December 31 we will have paid in the neighbourhood of $100 million because of these various freezes. We have not taken any account yet of the latest wage settlement, and I include in that statement those settlements reached through legislation and those which, happily, were settled by mediation. What are we going to do about this problem? Should we take the freeze off and allow the present law to operate?

I do not think the hon. member for Acadia understood my question to the hon. member for Winnipeg South, and I am not surprised because I sometimes do not make myself as clear as I should. I asked the hon. member for Winnipeg South whether he would rather have the present law operate—I do not mean the freeze, because that is not the law, but a voluntary acceptance on the part of the railways of something less than the law—and let the railway companies go to the Board of Transport Commissioners to ask for a horizontal rate increase to meet increased costs and wages, or have the new bill. My opinion is that the former would be much worse for western Canada and even worse for the Atlantic provinces where there is a greater rollback. That is the point I tried to make to the hon. member for Winnipeg South. There is not a choice between continuing the freeze or adopting this bill but there is a choice between the old system of horizontal increases and adopting this bill.

Mr. Bell (Saint John-Albert): I should like to ask the minister whether the difficulty in respect of the maritimes is related to the fear which is brought about by a lack of understanding?

Mr. Pickersgill: The Atlantic provinces will have two full years to observe the experience of other parts of the country regarding the unknown because their freeze will continue. If we do not adopt this bill the Atlantic provinces will suffer most. Not only will the freeze be removed but the rollback will also be removed.

Mr. Bell (Saint John-Albert): Is it not the freeze in rates which makes the people in the maritimes unsure about the essence of this bill?

Mr. Pickersgill: The freeze exists in respect of non-competitive class rates and non-competitive commodity rates. This is a large part of the spectrum where a removal of the freeze would enable the railways to apply for a horizontal or another kind of increase in respect of these non-competitive rates. In my opinion the case the railway would make for an increase in rates would be unanswerable; otherwise we have been wasting the taxpayers' money by voting these subsidies all these years. That is my point.

We are faced with this stark choice, and I do not think we have faced it squarely before now. We have three possibilities before us. We must maintain ever increasing subsidies and ever increase taxes, as we have been doing since 1958, or adopt this bill or let the present law operate. I think we have reached the end of the road of subsidies. If we continue in that

direction the people of this country are going to rebel against the burden of taxation.

The second alternative is to follow the law as it now exists, let the railway companies go to the Board of Transport Commissioners and increase their rates wherever they can and let them apply for abandonments wherever they feel they are necessary without interference with the present law.

The third alternative is to adopt something more constructive. I think I will be successful in convincing the house that we have something more constructive in this measure. What we are saying in clause 1 of this bill is that we believe it is feasible to allow rates to be determined by competition wherever there is competition. We believe that we can rid ourselves of a great deal of regulation in this way. You may ask, what does that mean? It makes a lot of difference. Thousands of man-hours in the form of very expensive labour, such as the services of Dr. Bandeen, are wasted every year in hearings before the Board of Transport Commissioners and dealing with unnecessary regulations. We feel strongly that we should not regulate things that need not be regulated. If we can protect the public, both shippers and consumers, by competition without having a whole lot of bureaucrats measuring the rules and interpreting them we will save a great deal of money.

One of the difficulties regarding competitive rates is that though during the freeze competitive rates could be increased, so much notice was required that other transport companies could often under-cut the competitive rates. We want to give the railway companies an opportunity to compete in competitive areas. We believe there is so much regulation now that these companies do not have the opportunity of operating as competitively as possible. I personally believe that railway companies can obtain far more revenue from competitive areas if they are allowed to compete. If they get more revenue from these areas they will not have the necessity to charge such high rates in non-competitive areas. This will result in more equitable freight rates for non-competitive areas.

The hon. gentleman asked whether the C.P.R. and the C.N.R. compete for business. Surely each of us judges that for himself and forms some ideas. There are more ways of competing for business than by rates. Even in areas where there is no alternative mode of transport, wherever two railway companies provide a service customers will go to both to see which one will give the best rate.

[Mr. Pickersgill.]

• (8:20 p.m.)

That fact leads me to a point raised yesterday by the hon. member for Medicine Hat and another hon. member who raised the same point. They seemed to assume that, in some way or other, the railways under the law can set secret rates to favour one customer over another. There is no way whatever under the present law that the railways can lawfully set any secret rate. Every rate the railways charge any customer is, by law, available for inspection. I know a number of hon. members, particulary hon. members from Saskatchewan, Alberta and Manitoba, are very worried about the situation of the shippers of bulk commodities who obviously have no other way to ship except by rail. Therefore in that sense, not in the special sense of this bill, they are captive shippers. In other words, they have no other place to go than to the railways.

For almost all commodities many shippers have access to both railways. Once one of the railways has set a rate that is acceptable and has been published, under clause 16 any shipper who is charged a higher rate under similar geographical circumstances, similar circumstances of volume and so on, will have a grievance. He will have a grievance if he is charged a higher rate and it will be against the public interest to charge it. That is what the clause says. I think the hon. member for Winnipeg South did not thoroughly appreciate the fact that this clause was very substantially modified compared with the earlier provisions of the bill, the proposed section 317.

The modifications were based mainly upon the representations made by the government of Manitoba and it seemed to me they met the point fairly precisely. I believe that clause 16 has pretty well accomplished what many members hoped would be accomplished, and which would never be accomplished by a maximum rate formula such as there is in section 336. The purpose of the maximum rate formula is to protect the relatively small shippers, who at the present time, have to pay class rates. We have tried and have not been able to find any way to devise a maximum rate formula that would provide anything like reasonable revenues for the railways on small shipments that now go by class rates and would fit the circumstances of bulk shippers who now have commodity rates. Unless we are going to go right back into the field of complicated regulations, which we are trying to get away from, I do not believe it can be done. I say this because some of the best experts I have been able to find have tried

very hard and in various ways to find such a formula. I just do not think it can be devised.

I think there is far more protection of the kind that is really needed in the new clause 16 for commodity shippers than any kind of maximum rate formula that could possibly be devised. But we do need the maximum rate formula to protect the small shipper. I was rather interested that Dr. Bortz in his evidence before the committee indicated that under his calculations as well as he could make them, the shipper shipping small quantities would, under the maximum rate formula, in a substantial number of cases have a lower rate than he is now paying under the class rates. So it does appear to offer some reasonable measure of protection to the only kind of shipper that in my view a maximum rate formula can protect. The improved clause 16 will, I think, provide the protection needed to shippers of bulk commodities.

I should now like to deal with the question of the public interest. The public interest is not circumscribed, but there are certain things that are definitely said not to be in the public interest. The most important of these is found in subclause (3) of clause 16 on page 9 of the bill:

> In conducting an investigation under this section, the Commission shall have regard to all considerations that appear to it to be relevant—

In other words, the commission may say that anything that seems to it to be relevant is part of the public interest.

> —including, without limiting the generality of the foregoing,
>
> (a) whether the tolls or conditions specified for the carriage of traffic under the rate so established are such as to create an unfair disadvantage beyond that which may be deemed to be inherent in the location or volume of the traffic, the scale of operation connected therewith or the type of traffic or service involved;

That really means that if you are shipping from roughly the same geographic area to the same point, say on the coast, and are shipping at roughly the same volume, it is against the public interest to charge one shipper a different rate from another shipper. That is said quite specifically in this bill to be against the public interest. I think it would also clearly be against the public interest for a railway to seek to charge a rate which would in fact be so high as to make it impossible for a shipper to export who already had established himself and had had a rate previously, so long, of course, as a lower rate was compensatory, because that is one of the other requirements of the bill. We are saying that the railways are not permitted to charge rates that are not compensatory, except in certain specified cases where the treasury will make up the difference. When you take all these geographical and other factors into account and take the fact that there are two railways, to which certain hon. gentlemen object but which I think provides a quite considerable protection to shippers, it seems to me there is in clause 16 a pretty adequate protection, about as effective a protection as can be devised.

There seems to be—I do not think it is explicit at all—an implicit assumption that in some way or other the government is anxious to get railway rates higher than they need to be. I have to be elected. All my colleagues have to be elected. The members on this side of the house who are supporting the government have to be elected. They are not going to get many votes by giving the railways higher rates than they need. They are much more apt to get votes by any protective device that will keep the rates down. At the same time, we are not likely to continue to get public support for very long if we keep the rates down by dishing out endless subsidies and then bringing in increases in income tax and sales taxes to pay for them. This is the problem. If it were an easy problem to solve it would have been solved long ago. It would have been solved by the previous government without ever appointing the MacPherson royal commission. It would have been solved during all these years in between. It has not been solved.

• (8:30 p.m.)

It is just about as difficult and intractable an economic and social problem as one could think of. I do suggest that, although there may still be some improvements and refinements, as a result of the conscientious work of the committee, based on what I like to think was a pretty good framework to start with, we have the makings of a good piece of legislation which, however, cannot be absolutely perfect. That is why we have made two or three provisions for statutory reviews of these procedures, because we know they are not going to be perfect and we know they will have to be improved in the light of experience. But I doubt that we will get a very much better bill by taking another six months at it. I certainly agree that we need a few more days.

I am disappointed, as are the hon. gentlemen opposite who are so sympathetic to me, but everybody knows that I really have been pushed around terribly by my colleagues. I am the low man on the totem pole. I admit

that quite readily and I appreciate the tremendous, and I am sure utterly sincere, sympathy of all hon. gentleman opposite for my plight. However, I still think that we all have a job to do which most of us have been trying to do quite sincerely ever since this legislation was first introduced in the shadow of another crisis in the transportation industry last August.

I hope sincerely that early in January we can hammer out the remaining clauses of the bill and send it to the other place after which it will receive royal assent so that we can meet some of the problems in a new way instead of having to fall back on the existing legislation which was considered so bad by the previous government eight years ago that they appointed a Royal commission and started this process which we are trying to finish now.

I would be inclined to take the view that if there are other hon. members who have general speeches to make we should perhaps go on a little longer. But if this is not the case I might be inclined to yield now to the blandishments of my personal friend, the hon. member for Winnipeg South Centre who has expressed such solicitude for me.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I listened with great interest to the comments made by the hon. Minister of Transport (Mr. Pickersgill). He always has interesting things to say, being either humorous or showing a great understanding of human problems, or simply because of the philosophical way in which he accepts criticism.

But there is something in his argument which did not strike the right note in my mind; let me try to explain.

At one point the hon. minister says, if I heard him correctly—and if I did not, I hope he will set me straight—that if the railway companies—this appears to be the new philosophy in the field of transportation—cannot make ends meet with the present rates, only two solutions remain: either raise the rates or ask the government to pay larger subsidies.

The hon. minister seems to think that the government contributions have reached a ceiling beyond which we cannot easily go. Therefore, passenger and freight rates will have to be raised. I presume this is what the hon. minister believes; personally, I have a different outlook on the problem.

[Mr. Pickersgill.]

[*English*]

Mr. Pickersgill: I think the hon. gentleman has left out what I believe is the most important element of all. Before we consider increasing the subsidies or setting higher rates there are two other things which should be done first. One is to get rid of everything that is wasteful or unnecessary so as to reduce costs, and to that extent there will be no need for higher subsidies or higher rates. The second thing is to give the railways a chance to get more business by enabling them to compete more actively for the traffic and to do so in a more businesslike way so that by getting more business at the existing rates they can improve their financial position and as a result will not have to raise their rates so much. I thought I had made that point. I believe that this is the most important point of all.

Mr. Mongrain: Up to this point I am in perfect accord with the minister but I do not agree with him when he says that this is the most important point. There is something else which troubles me and I would be very happy to hear the comments of the minister on this point which weighs on my conscience as a Canadian citizen. We all remember the time when the railways came to parliament and requested all kinds of grants, rights and benefits. They wanted to have rights in real estate, in natural resources, rights to operate air lines, steamship lines and hotels.

They promised that they would give the country the best of services for both passengers and freight and thus serve the best interests of the country. They were granted those benefits. Later they realized that it would be advantageous to them to organize all kinds of companies such as air line companies, steamship companies, real estate companies and hotels. I apologize for my English. It is not what it should be. However, I know the minister will understand me because he is very bright.

To return to what I was saying, they decided to keep those companies which brought profit and wash their hands of those which were not profitable. Then they came back to parliament and said, we are not making money on the passenger service and on some freight services. We seem to be in the red on some of the lines. Either the government should subsidize us or we will have to raise our rates. There is something wrong somewhere. The railways were granted all kinds of benefits when they first came to parliament. In spite of this they decided to discontinue the operation of those companies which did not bring a profit and then said, we have to raise

our rates or get more subsidies from the government. Maybe I am naïve, and I know there are things I do not know, but it seems to me that there is something wrong somewhere and I would like to have the minister's reaction to what I have said.

Mr. Pickersgill: This is a question to which, if the hon. member for Trois-Rivières had been brought up in Manitoba as I was, he would be very hesitant to give an answer because I am sure that the answer I would give would not command universal approval in western Canada. I will try to give the answer as straightforwardly as I can. Knowing I will never be able to defeat any of the members from Winnipeg anyway, I will not have to answer for my remarks in Winnipeg.

• (8:40 p.m.)

Mr. Knowles: You can always try. It might help us.

Mr. Pickersgill: I would not give the hon. gentleman many chances in my constituency either.

First of all, I do not think it possible to have one rate structure for the Canadian Pacific Railway, to which the hon. gentleman's remarks applied, and an entirely different one for the Canadian National Railways. The companies which form the Canadian National Railways were also given a lot of the public domain to build the railways. They dissipated those assets and went broke. They were taken over by the government during the first world war and afterwards, and in my view they are publicly owned, though the hon. member for Timiskaming in an extraordnary kind of convoluted argument this afternoon seemed to suggest they were not publicly owned. At any rate they have been a tremendous drain on the treasury for a very long time.

There is no doubt that one could say to the Canadian Pacific Railway, because you have been provident when all the other private railways were improvident, because you made good use of the assets you had when Canadian Northern, Grand Truck Pacific and all the others dissipated theirs you should therefore take the revenue from all these assets into account and because you make so much out of Consolidated Mining and Smelting and other investments of that sort you can afford to give the Canadian people free service, or practically free service, on your railway. If they did that, wherever there was any competition, the Canadian National would get no traffic at all. This is one of the practical difficulties of this concept.

The Solicitor General will correct me if I am wrong about this but I understand that the courts have determined why the grants were made to the Canadian Pacific Railway. They agreed to build the railway if they got these concessions. A great many other Canadians received concessions out of the public domain in the 19th century for doing other things, but to my knowledge nobody has suggested they should provide their services at an uneconomic rate because either by good fortune, good luck or good managment they made the most of their assets.

If the Canadian Pacific were really the kind of soulless corporation it is customary to protray it as in political speeches, this problem would not be so difficult. We could say that they could take their revenues from their assets and run their railway at a loss because they are making so much out of other things. However, one must remember that Lord Mount Stephen, Lord Strathcona and Sir William Van Horne are all dead. Even Lord Shaughnessy and Sir Edward Beatty are dead. The securities of the C.P.R. have changed hands hundreds of times.

If we told the C.P.R. that they had to provide their services at a loss and derive all their revenues from these other companies, I can just see the Leader of the Opposition talking about the widows and orphans who own C.P.R. stock and how the Minister of Finance ought to compensate them for the shocking injustice being done to them by the public. The tears we have seen him weep would be nothing in comparison, and the hon. member for Winnipeg North Centre would not be far behind.

I have tried to avoid controversial subjects like this and like icebreaking on the St. Lawrence, where if you say something pleasing to one part of the country it is sure to displease another part. I am like the hon. member for Trois-Rivières, rather naïve and simpleminded. There are times when I find it a little hard to perpetuate the old-fashioned hypocrisies in which no one really believes but which in politics we so often repeat over and over again.

The other day in Halifax I took my life in my hands, politically speaking, when I said I would not do anything to prevent the development of navigation on the St. Lawrence, that we were taking no extraordinary measures to accelerate it but would not do anything to prevent it. Five years ago if any politician had

said that in Halifax he could not have got out of the city fast enough. Perhaps the junior member for Halifax is naïve too, but he said I was fairly well received there.

The plain fact is that once in a while we have to face the realities of public life. Whether or not it was wise to give the C.P.R. 25 million acres of land, whether or not Sir John Macdonald, who is also dead, made a great mistake in doing this, we cannot undo it now. Whether or not it was wise to give this grant to build a railway I am not going to say. When I leave this place and return to a university to lecture in history I will give my opinion on this question, but I will not do so today.

Nevertheless this is a fact of our political life and the consequences that flow from that fact are with us. There is no practical way I can see of solving this problem simply by saying to the Canadian Pacific Railway that they have to undo all that has been done in the past, treat the revenues from all these other assets as though they were railway revenues and run the railway as a kind of public charity. That is just not practicable, and I do not think anyone in the house in his heart believes it is either. And if we do not think it is, why go on saying so? That is about the only answer I can give the hon. member.

Mr. Mongrain: It is always charming to listen to the Minister of Transport. He has such a sense of humour that he should have been a lawyer. I do not know whether he is.

Mr. Pickersgill: No.

Mr. Mongrain: Apparently he is not. He would have been a good lawyer and made a lot more money than he makes in the House of Commons, because he is really bright.

[*Translation*]

Mr. Chairman, I will now speak French again, because it is easier for me to say what I mean.

Like all other hon. members, I was impressed by the argument of the Minister of Transport, because he argues with unassailable logic and such good nature. However, as I said a little earlier, he did not answer my question. My problem is a matter of conscience, Mr. Chairman, as a Canadian. I think that all hon. members have the same problem and I have the impression, although that may be a rash judgment, that the minister feels the same way also, although he may not be as free as I am to say it publicly.

[Mr. Pickersgill.]

The minister said a little earlier: Because the C.P.R. has been given generous concessions and has displayed an intelligent and objective administration, should we take that as an excuse to beg that company for low rates? Of course, he is right; we are not asking for very low rates for passengers, freight, etc. It is not that at all. We simply want to know—and this is the question I am putting to the minister—if an objective, non partisan assessment could be made by neutral people concerning the concessions granted by Canada to the Canadian Pacific Railway Company, since it began operations, in every field, when there was no question of subdividing the companies, so that we can find out which companies make a profit and which companies do not, thus enabling the government to grant subsidies to those companies operating at a loss.

There was no mention of this, when the Canadian Pacific Railways were established, and all these concessions were made. Would it not be advisable to clarify the situation today and make an appraisal of all that has been granted to the C.P.R.? As for those who later became millionaires and have since left us for a better world, I hope the Almighty is watching over them, because I do not want to trouble their eternal rest or that of their heirs. Nevertheless, I feel that when Canada granted them certain privileges, natural resources and operating rights, Canada was not entering into a ten, 20 or 50 year contract, but rather a contract which was to last as long as our country should survive. As for those who made millions with these concessions, it is not our worry whether they be in Heaven or elsewhere.

• (8:50 p.m.)

Our problem is whether the company, originally called Canadian Pacific Railways, which has since subdivided its operations to find out which would make millions and which would be in the red, thereby being subsidized by Canada, our problem, as I say, is whether we should not now make a re-appraisal and say: You have been conceded much up to now, but it is necessary that we should establish some common denominator in order to ascertain whether you should give back to Canada what it gave to you. And this, to a certain extent and taking into account the fact that such enterprises should bring in some profits, some dividends, certain advantages which we have no objection to.

I am not talking about nationalizing railways. I am for private enterprise as much as possible, at least just as long as contingencies

do not require otherwise. But I am one of those who, through simple-mindedness or candour, is a little surprised to see that the C.P.R. was given everything to start with and that subtle questions were not asked as to what would be economic and what would not, and that in 1966-67 the C.P.R. should say to us: well, railways, airlines, hotels and mines are all economic and we will keep them—I do not know, I am not familiar enough with the whole organization to make an objective analysis—but passenger service is not; therefore, let the government take it over or subsidize it. Well, there is something wrong here. An agreement was made with the C.P.R., tremendous advantages were conceded. I realize that the C.P.R. ran some risks at the time, but history has now proved that there have been ample rewards for the risks that were taken.

Should not the Canadian people today, who, after all, own those natural resources and those rights we have granted them, be justified to say: Give us a balance-sheet, showing what this has brought you up to now and what you have contributed to this country? And we should say: Do not subdivide companies so as to keep only those that are economical and leave us with the ones showing a deficit.

And I do not accept the minister's philosophy to the effect that every company should be maintained through charity. Oh no. Whenever I travel from Ottawa to Trois-Rivières—well, in my case, there is no problem as I have a pass like all the other members—if I were not a member of parliament, I would be very happy to pay my fare.

This is an aside, Mr. Chairman. I wish to point out that the Canadian National is giving, at the present time, a better service than the Canadian Pacific, for many reasons. The Canadian National is a crown company. But if we were to talk about private companies, we could say to the Canadian Pacific: You should at least give us the same advantages.

[*English*]

I should like to summarize very briefly, Mr. Chairman. Let the minister forget that he is a minister of the crown. Let him remember that he is a Canadian and I am sure that he will feel as I feel. Let us have a balance sheet of what the Canadian Pacific has had from this country up to now. Let us investigate to see if the Canadian Pacific should keep everything it has had from this country. Let us see if the company is not trying to keep for itself what is a paying proposition and leaving to the country what should be subsidized by the government. That is the point.

Mr. Pickersgill: Mr. Chairman, we know that the Canadian Pacific cannot be taxed by the municipalities on its main line in western Canada. That is part of the contract of 1881 and that contractual right is part of the constitution of Canada at the moment, I regret to say. At least, the lawyers say it is. The Canadian Pacific Railway was built pursuant to a contract between the government of Canada and the Canadian Pacific Railway in 1881, if I remember correctly. The first statute of the session of 1881 was a statute confirming that contract.

It is true of course that this parliament is sovereign and we can abrogate any contract we like with or without compensation. That is the theory on which our constitution rests. But it has been the custom of all governments of Canada up to the present time to respect contracts into which governments have entered even if sometimes they were improvident contracts. I was speaking quite seriously a little while ago when I said that whether that contract originally was provident or improvident, it is a contract and it has to be construed by the courts. We can make a law saying that the contract is abrogated. Except in the one respect I have mentioned, I do not know of any other respect in which we could not abrogate it unilaterally. But we just do not do that kind of thing. We never have up to now and we have never had a government or parliament willing to do that.

If the Canadian Pacific is not carrying out that contract, if it is doing anything to divest itself of certain of its assets which is illegal, then of course we should make the C.P.R. obey the law. There is no question about that in my mind. If they are doing something that is against public policy we can make a law to stop it. I think perhaps that is where I would not disagree much with the hon. gentleman. If the Canadian Pacific is rearranging its assets in such a way as to be contrary to good public policy—I am not saying whether it is or is not because it is not a question I have studied—if it is rearranging its assets in such a way, and I know that there are many people who think it is and some people think strongly that it is not, then it would be an appropriate subject for this parliament to deal with and correct.

• (9:00 p.m.)

But I think there are other things that we sometimes forget. When they got those 25 million acres in 1881, most people said the land

was not worth anything. In the period after 1881, and particularly after 1896 and indeed up to the time my father homesteaded between the lakes in Manitoba in 1911, you could get a quarter section of land for five bucks. The land was free. You filed on the land and then you had to clear so many acres over three years and then you could get a patent and it was yours.

In some cases those lands turned out to have tremendously valuable minerals on them. In some cases they did not. As the hon. member for Humboldt-Melfort-Tisdale knows as well as I do, homesteading was a lottery. But we have never said that the fellow who struck it rich has got to give it back, except to the extent anybody else does who makes money any other way, in ordinary taxes. This has gone on all over western Canada. It is not only the C.P.R. which have received grants of land.

I think we would have to look at that problem as a whole, deal with one case compared with another and do similar justice to all. Otherwise I think we would be creating a very serious injustice which would be visited upon people who had no original responsibility for the situation. But I certainly agree that to the extent that the hon. gentleman was able to show, or that anyone else was able to show, that the Canadian Pacific Railway Company was arranging its affairs and assets in a way that was contrary to public policy, in other words, that it was really milking the railway, so to speak, and particularly if we were paying subsidies at the same time, then that would be something that certainly should be corrected. But I do not think that up to now that case has been proven. I think it is an open question. It is a question on which there can be some debate, but so far as the construction of the original contract is concerned that contract is there and open for everybody to read. I understand it has been construed several times in the courts and, unless we change the law, as the courts have construed it, it remains the law.

Mr. Churchill: Shall we rise and report progress?

Mr. Wahn: Mr. Chairman, since second reading of this bill I have learned that several mining companies in western Canada are somewhat concerned about certain provisions of the bill. I refer to provisions which permit the railway companies to fix freight rates for the transport of bulk commodities.

[Mr. Pickersgill.]

The legal firm of which I am a partner has been acting for several years for several of these companies, and I personally have acted for several of them for a number of years. Under these circumstances I suggest that the proper procedure for me is to disclose an interest and refrain from voting in connection with the matter before the house and unless instructed otherwise by you, Mr. Chairman, or by Mr. Speaker, that is the course I propose to follow. I do not propose to vote on any clauses of this bill which relate to rate fixing by railway companies in respect of commodities which might be shipped by clients of our firm for whom I have acted in the past.

Mr. Baldwin: I want to ask the minister a question which I do not expect him to answer now. First, may I say I think this has been a very useful exercise. The very frank statement the minister has made will make our dealing with the subsequent clauses much easier when we come to them. The minister dealt extensively with clause 16 and the question of public interest, and rightly so. The minister suggested that when we come to subclause (3) we will in effect be defining the public interest. Is the minister not really begging the question, because subclause (1) refers to certain conditions which "may prejudicially affect the public interest?"

Once there has been a prima facie establishing of that point the commission can then institute an investigation, but it is only when the investigation has commenced and is under way that you take into account the different aspects which are dealt with in subclause (3). So really you have no more definition of public interest than what the commission itself may decide is a proper and reasonable interpretation, unless a matter reaches the stage where a court might give that definition. I am concerned because the words "public interest" could be so construed, so interpreted that to establish this prima facie case it would be essential to bring it to the attention of the commission, which would mean that a full, very wide and very deep type of interest was being prejudiced.

I will not go any further now. I think this matter affects people coming from regions such as mine who may feel there may be something that affects the interests of the Peace River country and northern Canada, but they may come up against the suggestion that the "public interest" here means the national interest in the sense in which "national interest" is used in clause 1. Somewhere in our proceedings could some consideration

could be given to this matter? I do not think it is the kind of phrase you can put a limiting definition on, but we could say, without limiting the generalities of it, that we have taken it to mean certain things. This is important because any benefits which flow from clause 16 must be founded on a wide and proper interpretation of clause 16.

If I am a shipper and feel I am being discriminated against, and in the course of my business I deal with so many hundreds of people, is this considered to be the public interest or must it be public interest in that it affects a very substantial area or region? This is a point that needs clarification.

Mr. Pickersgill: The hon. and learned gentleman's intervention demonstrates to me quite conclusively that I would never like to be opposite him in court because he has raised a point that had never even occurred to my lay mind until he raised it. Since he has raised it, I would want to get legal advice on it before I reply, because it had not occurred to me that if one said in any part of the clause that the investigation would take particular account of one set of circumstances that those circumstances would not, ipso facto, be one definition of the public interest. I am sure that is what is intended. It is certainly what was intended in the mind of the nominal author of the bill, the Minister of Transport, but perhaps I should consult the real author, the draftsman, before I attempt to give an answer to the hon. gentleman. I thank him very much for raising this question because I think a proper answer to it will help us a great deal in our consideration of the bill when we come back to it.

• (9:10 p.m.)

Mr. Baldwin: The minister mentioned his trip to Halifax. I think the minister's performance now indicates that he can come to almost any part of Canada and be well received. I recall many years ago when the hon. minister was in opposition that we were talking about a railway to Pine Point and the minister then made a very strong and determined attack in which he was aided and abetted by the Prime Minister, then leader of the opposition, and the then hon. member for Laurier, so much so that even months after mothers in my area persuaded their children to go to sleep by saying that if they did not the bad Pickersgill would get them. I think the minister could now go safely into the Peace river country and we might even set aside for him one of those homesteads about which he is becoming so nostalic.

Mr. Pickersgill: I should like to say one word about the Pine Point railway. I do not apologize for any argument I used. It was a long-shot gamble which the C.P.R., although it owned the mine, would not take and which I did not think the taxpayers of Canada should take. I did not think that that reckless gambler, Donald Fleming, should have gambled the public's money in that manner. But I admit that it has paid off.

Mr. Hamilton: I cannot resist rising to take part in this debate. Does the minister not remember that as minister of northern affairs and national resources of that day I pointed out to the house and to the minister, when he was in opposition, that if we did not get that mine into operation that by about 1962 or 1963 we would have to import lead and zinc into western Canada and that in the national interest it was imperative that we move forward. Surely he must remember that debate. It is not right to say that this was a gamble when there was a sure market.

Mr. Pickersgill: All I can say is that the C.P.R. missed a big opportunity when they did not make the hon. genteleman the president, because they would have built the line and would have had the profits. We now know who the gambler was. It was not Donald Fleming at all. All I can say is that the hon. gentleman is noted for his vision and this certainly is one vision which has turned out.

Mr. Hamilton: I must rise again to say that "gamble" is the wrong word. It was a pure case of a calculated risk which had very little gamble in it. It is just one of the ten proposals made in 1958 which have turned out well.

Mr. Rapp: Mr. Chairman, I move that we rise, report progress and ask—

Mr. Pickersgill: Before that may I say a word or two and while I am saying a word or two perhaps my hon. friend the house leader might say a word or two to the whip on the other side. I know we do not usually draw attention to these matters.

Mr. Forrestall: Direct your remarks to the port of Halifax while you are doing this.

Mr. Pickersgill: That is precisely what I got up to do. I realize I have been negligent in failing to say anything tonight in respect of the intervention by the junior member for

Halifax who made a very thoughtful if somewhat parochial speech this afternoon. I was hoping that before the end of his speech he would get as far as Musquodoboit but apparently he only got across the Angus Macdonald bridge to Dartmouth, and I am sure that will not do him any harm in the future.

Mr. Forrestall: I got out to the airport too.

Mr. Pickersgill: Yes. The hon. gentleman, when he is not parochial, is always up in the air.

Mr. Forrestall: Or out at sea.

Mr. Pickersgill: I should like to say that I agree entirely with what the hon. gentleman said about the real future of the port of Halifax. I think the hon. gentleman has been quite generous to me since he came into the house, and as an old man I appreciate it. I think the hon. gentleman is quite right when he says that the future of the port of Halifax—I am paraphrasing what he said—is not in getting crumbs from the rich man's table. It is in developing in a modern way and taking advantage of the most magnificent natural harbour on the east coast of Canada.

Mr. Forrestall: I hope you will say that in February as well as in December.

Mr. Pickersgill: Oh yes. This is a harbour which has the tremendous advantage of having really deep water and easy access. It is adapted to the ships of the future and I am convinced that they will bring great economies to maritime transportation in exactly the way that the St. Lawrence ship canal has brought great economies and I believe will bring greater economies to transportation in the central parts of Canada. I think we must have real foresight. We must do everything we can to take advantage of what we have and be ready both on the east and the west coasts. The last time I was in Vancouver—

An hon. Member: Is that parochial?

Mr. Pickersgill: I do not want to be parochial. My parish is Canada. I recognize, however, that Halifax is a very important part of Canada. I believe the real future of the port of Halifax depends upon two things. One is the development of the hinterland of Halifax and the bringing of that part of Canada into a position where it will not be dependent upon the winter traffic from other parts of the country. It is, nevertheless, entitled to the historic rights it has and we will safeguard them in this bill.

[Mr. Pickersgill.]

That, however, is not the future of Halifax. The future of Halifax will be far more dynamic. First, there will be the development of the hinterland and, second, Halifax has a real place in the future because it is a port which can handle these ships of the future to an extent to which no other place in eastern North America can.

Mr. Forrestall: Will the government help us in this task?

Mr. Pickersgill: I have done a fair amount already, as I am sure the hon. member knows. I hope we will pass this bill before I have been the Minister of Transport for three years, which will be by the beginning of February, but in the three years during which I have been Minister of Transport I think the improvements in the port of Halifax have been very substantial indeed. We are not going to stop where we are now. We are going to go on trying to be at least one step ahead of these developments so that we will be ready for them in Halifax.

I am advised that there might be some disposition on the part of the house to deal with item 85 on the order paper in the next few minutes, if I were to ask the committee to rise. If I can ascertain in a rather unusual way, but through the usual channels, whether there would be some disposition to take a few minutes to deal with this item, I should be glad to do so.

• (9:20 p.m.)

Mr. Forrestall: Mr. Speaker, in reply to the minister's words let me extend the season's greetings from the people of Halifax. We were pleased to receive his in the form in which he has seen fit to deliver them.

Mr. Pickersgill: I thank the hon. member for Halifax. If my understanding is correct item No. 85 on the order paper is to be dealt with at this time. I would ask the chairman to rise and report progress in order that we can deal with this matter of business.

The Deputy Chairman: Shall I rise and report progress?

Some hon. Members: Agreed.

Progress reported.

Mr. Nicholson: Mr. Speaker, the Minister of Transport has already advised the house that item No. 85 on the order paper should be passed tonight. It has received third reading in the Senate and was discussed clause by

clause by the committee of that place. It was referred to a committee of this house and discussed here clause by clause. I hope that we can revert to the committee of the whole in order to dispose of this bill.

The Acting Speaker (Mr. Rinfret): Is it agreed that we allow the minister's request?

Some hon. Members: Agreed.

CANADA LABOUR (SAFETY) CODE

PROVISION FOR EMPLOYMENT SAFETY IN FEDERAL WORKS

Hon. J. R. Nicholson (Minister of Labour) moved that the house go into committee to consider Bill No. S-35, respecting the prevention of employment injury in federal works, undertakings and businesses.

Motion agreed to and the house went into committee, Mr. Batten in the chair.

On clause 2—*Definitions.*

Mr. Starr: Mr. Chairman, perhaps the members of this party could have one copy of the bill which is now under discussion.

The Chairman: Perhaps I should inform the hon. member that members of the committee will receive copies in a few minutes.

Mr. Barnett: While copies of this bill are being distributed perhaps I could say a word or two as a member of the standing committee which considered this measure. In its present form the bill is not sufficient in its application in so far as members of this party are concerned. As the minister has suggested it did receive thorough study in a committee of the other place as well as in the standing committee of this house. While we regret that our amendments were not supported by a majority of this house we are satisfied to allow the passage of the bill without extended discussion. We are prepared to allow the minister and his department to have a whirl at this measure in its present form. We may have some further remarks to make about it at a future date in respect of how it could be improved. The bill in its present form represents a constructive step in the field of safety for employees of this country, and we are appreciative of the fact that the proposal was brought forward at this time.

Clause agreed to.

Clauses 3 to 7 inclusive agreed to.

On clause 8—*Special committees.*

Mr. Starr: In respect of clause 8, it is the intention of the government to provide for consultative and advisory committees?

Mr. Nicholson: I am pleased to assure the hon. member that we are very interested in this measure and we certainly will welcome the advice of representatives of employees and employers.

Mr. Crouse: My remarks may not relate to the appropriate clause but the bill does state that it applies to all federal works, undertakings or businesses. I assume this means the shipping industry. Will this bill apply to a company employing stevedores in the event that a stevedore is injured?

Mr. Nicholson: Yes. Under the definition in this bill longshoremen employed by stevedoring companies will be included in the general category of shipping. This is a safety act, and we are by the provisions of this measure attempting to provide certain safety measures.

Clause agreed to.

• (9:30 p.m.)

Clauses 9 to 31 inclusive agreed to.

Clause 1 agreed to.

Title agreed to.

Bill reported.

Mr. Nicholson moved the third reading of the bill.

Mr. J. M. Forrestall (Halifax): Mr. Speaker, I wanted to ask a question for clarification under clause 30 but we went from clause 28 to clause 1 while I was making up my mind. Can the minister tell me whether this measure will cover federally owned and controlled ships under any type of repair, overhaul or refit in any private dockyard or shipyard?

Mr. Nicholson: Mr. Speaker, it would certainly cover the operations in dockyards. It covers generally any work or business undertaking that comes within the legislative authority of the parliament of Canada. It is broad enough to cover that.

Mr. Forrestall: I am not certain that the answer the minister has given covers the area that has concerned me for many months. I refer to certain situations that developed in the Dosco shipyards in Halifax some months ago. As a result of a fire on board one of the military vessels of the Department of National Defence, certain injuries were sustained by employees. The investigations have not yet

Expression of Christmas Wishes

been successfully concluded to the satisfaction of union or management. I understand some claims are still outstanding. Because of this concern I wanted to raise the question in committee, and I apologize to the house for raising it now.

Mr. Nicholson: I am informed that the point raised by the hon. gentleman was dealt with by the other hon. member for Halifax (Mr. McCleave) before the committee. The reason I gave the answer I did was that this bill does not cover the public service of Canada. That is covered by government regulation. I am told this matter was gone into at some length in the committee.

Motion agreed to and bill read the third time and passed.

THE ROYAL ASSENT

Mr. Deputy Speaker: I have the honour to inform the house that I have received the following communication addressed to the Speaker of the House of Commons:

Ottawa, 21 December, 1966

Sir,

I have the honour to inform you that Hon. Emmett M. Hall, Puisne Judge of the Supreme Court of Canada, acting as Deputy to His Excellency the Governor-General, will proceed to the Senate Chamber today, the 21st December, at 9.45 for the purpose of giving Royal Assent to certain Bills.

I have the honour to be,
Sir,
Your obedient servant,
A. G. Cherrier
Assistant Secretary to the Governor General.

HOUSE OF COMMONS

EXPRESSION OF CHRISTMAS WISHES

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I rise on a question of privilege. It is a very real privilege to be able, as the leader of the government, to wish all hon. members here the compliments of the season. I feel that I am wishing these compliments to a gallant band of survivors who have resisted the temptation to fly home prematurely and have even resisted the temptation to stay out in the lobby and watch a hockey game on television. It has been a long and hard session. In our own ways, and they have not always been the same ways, we have done our best to make it a productive session in the best interests and welfare of the people of our country. I think we have earned a Merry Christmas. I hope we will deserve a Happy New Year.

[Mr. Forrestall.]

Some hon. Members: Hear, hear.

Hon. Michael Starr (Ontario): Mr. Speaker, we wish to thank the right hon. Prime Minister (Mr. Pearson) for his good wishes and the hope that we have a happy new year. I do not think the new year can be very prosperous in view of all the taxes with which we have been saddled and with which we expect to be further saddled in the next budget to be brought down. However, in all sincerity we wish to reciprocate the Prime Minister's good wishes and say to him and his colleagues that we wish them a very merry Christmas.

Some hon. Members: Hear, hear.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on behalf of the New Democratic Party may I express our thanks to the Prime Minister (Mr. Pearson) for the good wishes he has extended. We are very happy to reciprocate those good wishes to the Prime Minister, and we convey them also to the members of the government and to all hon. members of all parties in this House of Commons. We would like also to extend our special greetings to you, sir, as our first commoner—

Some hon. Members: Hear, hear.

Mr. Knowles: —to the other occupants of the chair, to those at the table, the staff, the page boys, and because it is Christmas I might even include the press. We join in the sentiments the Prime Minister has expressed. We trust we may all have a merry Christmas and that our work in the coming months will make it a happier new year for the Canadian people.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, first of all, I should like to express to you and to the right hon. Prime Minister (Mr. Pearson) the heartfelt admiration of our group. We offer you our best wishes for a long and happy life.

We extend the same wishes also to all the hon. members of this house, to all those who worked to make Canada a better country and give it better legislation and a higher standard of living.

Last year, I said that I would do my best to convince the house to increase family allowances. I have not won my point, but

I hope that 1967 will be a year of achievements and that family allowances will be increased, so that every family may benefit from its share of the technical, scientific and other progress achieved, and everything to which families are entitled.

I express the wish that each and every Canadian family will enjoy a better standard of living all through 1967 and share in the growth of production that we will have again in 1967, because Canada is developing and going ahead. Moreover, if such development occurs in Canada, it must also be reflected in each family and in each home, because every individual should get his share.

Such is the wish I make, saying thank you to everyone and wishing a Merry Christmas to all.

• (9:40 p.m.)

[*English*]

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, on behalf of the Social Credit group I would like to express our appreciation to the right hon. Prime Minister (Mr. Pearson) for his words of greetings and best wishes. We also wish to convey our good wishes to the right hon. gentlemen, to the government, to you, sir, and to every member of the house.

In the past weeks and months we have witnessed acrimonius debates which may not have been conducive to a happy Christmas, but I am sure that now that we have drawn close to the time of the year when we remember the birth of the Prince of Peace we will all join in some soul-searching which will help us when we return to carry out our responsibilities in a pleasing and satisfactory manner.

[*Translation*]

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, on behalf of my small group, I wish to thank the right hon. Prime Minister (Mr. Pearson) for his good wishes and I wish to extend to him and his party, and also to every member of this house, my best wishes for a happy and prosperous year 1967.

Obviously, 1967 will be a very important year for Canada. Indeed, we will be celebrating our first centennial and we will play host to a world exhibition.

In this our centennial year, may all Canadians, from sea to sea, finally realize that national harmony and brotherhood cannot flourish in this country unless everyone receives fair and equal treatment.

And, in connection with the world exhibition, may all foreign visitors to our country feel with us that we are part of a single and great family here on earth and realize that we must all work to banish war from this earth and love one another as individuals and as a people, true to the teachings of the Divine Child, from the day he was born in the manger and throughout his whole life.

[*English*]

Mr. Speaker: On behalf of my colleagues in the chair, of the table officials and of the staff of the house, I thank hon. members for the gracious greetings and wishes which have been extended by them.

May I take this opportunity to invite hon. members to call on the Speaker in room 16 to give me an opportunity to extend my personal greetings to all of you.

PRIVATE BILL

EVANGELICAL COVENANT CHURCH OF CANADA

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, it is with some reluctance that I ask the house to consider now a private member's bill which has been on the order paper for a long time, namely Bill No. S-38. It has been considered by the committee on private bills and returned to the house without amendment. I should like to ask for passage of the bill tonight.

Mr. Speaker: Is there agreement to the request of the hon. member?

Some hon. Members: Agreed.

The house in committee on Bill No. S-38, to incorporate the Evangelical Covenant Church of Canada—Mr. Rapp—Mr. Batten in the chair.

Clauses 1 to 17 inclusive agreed to.

Preamble agreed to.

Bill reported and read the third time and passed.

HOUSE OF COMMONS

CHRISTMAS ADJOURNMENT

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I move:

That, when this house adjourns at the end of this sitting, it shall stand adjourned until Monday, January 9, 1967, at 2.30 o'clock p.m., provided always that if it appears to the satisfaction of Mr. Speaker, after consultation with Her Majesty's Government, that the public interest requires that the House should meet at an earlier time during the adjournment, Mr. Speaker may give notice that he

is so satisfied, and thereupon the House shall meet at the time stated in such notice, and shall transact its business as if it had been duly adjourned to that time; and,

That in the event of Mr. Speaker being unable to act owing to illness or other cause, the Deputy Speaker shall act in his stead for the purpose of this order.

Motion agreed to.

• (9:50 p.m.)

THE ROYAL ASSENT

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, the Honourable the Deputy Governor General desires the immediate attendance of this honourable house in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And being returned:

Mr. Speaker informed the house that the Deputy Governor General had been pleased to give, in Her Majesty's name, the royal assent to the following bills:

• (10:00 p.m.)

An Act to authorize the payment of contributions by Canada toward the cost of insured medical care services incurred by provinces pursuant to provincial medical care insurance plans.

An Act to incorporate League Savings and Mortgage Company.

An Act to amend the Old Age Security Act.

An Act respecting the Boundary between the Province of Manitoba and the Northwest Territories.

An Act to amend the Export Credits Insurance Act.

An Act respecting the prevention of employment injury in federal works, undertakings and businesses.

[*Translation*]

Mr. Speaker: Before adjourning the house, may I reiterate the invitation I extended a moment ago to hon. members, to the officials of the house and to members of the press gallery, to continue the debates in "Room Sixteen".

[*English*]

Pursuant to special order made this day, the house stands adjourned until Monday, January 9, 1967, at 2.30 p.m.

At 10.06 p.m. the house adjourned, pursuant to special order.

HOUSE OF COMMONS

Monday, January 9, 1967

The house met at 2.30 p.m.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF HON. H. H. STEVENS

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, from time to time it is the privilege of members of parliament to refer to the presence in the gallery of distinguished citizens of other countries. Today, if the house will allow me to do so, I should like to refer to the fact that in your gallery, sir, is an individual who as a member of the House of Commons for three decades was a great parliamentarian and humanitarian, Hon. H. H. Stevens.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: His presence indicates that being a member of parliament for that length of time does not in any way impair one's health or capacity for service.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am delighted that the right hon. gentleman has called attention to the presence in the gallery of such a distinguished Canadian. I have had the pleasure and privilege of knowing Mr. Stevens for many years. Indeed, I once had the honour of serving as secretary to a parliamentary committee of which he was the chairman. We worked very closely together in those days and have been friends ever since.

• (2:40 p.m.)

As the right hon. gentleman has pointed out, in his long career of service to the country and his activities in Vancouver at the present time Mr. Stevens has shown that there is no connection whatever between age and energy.

Some hon. Members: Hear, hear.

THE MINISTRY

LIST OF MEMBERS OF GOVERNMENT—REAPPOINTMENT OF PARLIAMENTARY SECRETARIES

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I would like to table a list of the members of the government in order of precedence by portfolios consequent upon the appointment of the hon. member for Davenport (Mr. Gordon) to the administration.

Some hon. Members: Hear, hear.

Mr. Pearson: I would also like to table order in council P.C. 1967-17 of January 4 reappointing the parliamentary secretaries for a period of 12 months.

TRADE

TABLING OF AGREEMENT BETWEEN CANADA AND REPUBLIC OF KOREA

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I would like to table the text in English and French of the trade agreement between Canada and the Republic of Korea and the documents pertaining thereto. The agreement came into force—

Mr. Speaker: Order, please. Has the minister leave to table these documents?

Some hon. Members: Agreed.

Mr. Winters: The agreement came into force upon signature, which took place in Ottawa on December 20. The Secretary of State for External Affairs and I signed on behalf of Canada. Under the agreement, Canada will accord to imports from Korea the rates of the most favoured nations tariff which are now applied to imports from the United States, Japan and other most favoured nation countries. In return Canadian goods are assured of as favourable tariff treatment by Korea as those from any other country.

There is also an understanding with respect to the access to the Korean market for goods of particular interest to Canada which may be affected by the balance of payments controls applied by Korea. This understanding is in a separate exchange of letters. There are also separate undertakings to deal with possible problems of market disruption which may arise in the future as well as the application by Korea of voluntary restraints on exports to Canada of certain goods for the 12 month period beginning January 1, 1967. These goods are listed in the annex to the correspondence between the Korean embassy in Ottawa and the Department of Finance.

This agreement marks a further step in our program for expanding Canada's trade and economic relations with our neighbours across the Pacific. Canada has supported the accession of Korea to the General Agreement on Tariffs and Trade which is expected to take place shortly. At the present time trade between Canada and Korea is relatively small. Under this agreement we look forward to a mutually advantageous expansion of this trade. With the signing of this agreement, Canada now has formal trade relations with a total of 104 countries.

THE LATE RODGER MITCHELL

TRIBUTES ON PASSING OF HON. MEMBER FOR SUDBURY

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it is my sad duty to announce to the house the passing, since we last sat, of Mr. Rodger Mitchell, our colleague the hon. member for Sudbury. Mr. Mitchell had been ill for some time. He had borne that illness with the quiet courage and uncomplaining spirit that was characteristic of him. Only a week or so before he died I had information that he was making a recovery, which was very unusual in the circumstances, and we hoped that perhaps he would get over this illness. That was not to be.

Hon. members on all sides of the house will, I know, join me in regret at his passing. I think he was one of the most highly regarded and best loved members in the house. He was quiet and sincere in his devotion to duty as a member and also a very dedicated and loyal Canadian. He will be greatly missed, I know, by all hon. members, perhaps by me as much as by any other member because we represented adjoining constituencies in the House of Commons and I have benefited for many, many years by his wise advice and good counsel.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, Rodger Mitchell was one of those members who enjoyed the respect of hon. members in all parts of the house. He did not participate in debates generally, but he gave devotedly to his constituency and to his country. He had a wonderfully friendly disposition and, above all, in recent months when facing a fatal illness, of which he knew, he displayed a courage that was almost unbelievable. I talked with him on the last occasion he was here, and he was still full of hope and optimism. All of us in Her Majesty's loyal opposition wish to extend our sympathy to his loved ones, to the Prime Minister and to the members of the government party.

Mr. T. C. Douglas (Burnaby-Coquitlam): The members of the New Democratic Party wish to associate themselves with the tributes which have just been paid to our late colleague Rodger Mitchell. He gave good service to his constituency and to the House of Commons. He was highly regarded and greatly respected by all those who worked with him. Those of us who have been associated with him know what a pleasant travelling companion he was. Despite the fact that he was suffering from ill health, he was one of the most active members of the house, and all of us who worked with him on various occasions came to have a very high regard for him. I am sure that his loss will be felt keenly not only in the house but in the constituency which he so ably represented in parliament.

Members of this party would like to extend to the bereaved family, to the Prime Minister and to Rodger Mitchell's colleagues in the house our deepest sympathy in this sad time of loss.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, on behalf of my party and personally, I wish to join with the previous speakers to deplore the passing away of a member of this house, Mr. Mitchell. I knew him personally as a fellow member on two delegations. He had a very strong social awareness; he was a very interesting travelling companion and a hard worker.

To his leader and his party, as well as to the members of his family, I wish to extend our party's deepest sympathy.

[*English*]

Mr. Bert Leboe (Cariboo): Mr. Speaker, the members of the Social Credit party would like to associate themselves with the remarks which have been made. We are saddened by the passing of Rodger Mitchell who, as has been said, displayed in this house courage and integrity which have served as an example to each and every one of us.

This sad event reminds us of life itself and of the frequency with which we have to rise on occasions like this because of the passing of one of our colleagues. We would like to extend to the Prime Minister and his party our sincere regrets. To the bereaved family we wish every comfort that God can give them at this time of dire need and sorrow.

• (2:50 p.m.)

Mr. M. W. Martin (Timmins): I should like to add a personal note to the expressions of sympathy which have already been voiced. Coming from northern Ontario as I do, possibly I have had occasion to know Rodger Mitchell a little better than many other hon. members. I have had occasion also to visit him in his drug store in Sudbury, the city in which he was affectionately known as "Mitch the druggist". He was a man who was always available to his constituents. He knew most of them on a first name basis. Certainly he will be a great loss to them, to his party and to this house. He was one of the finest gentlemen to ever grace the floor of this chamber.

TRANSPORT

ST. LAWRENCE SEAWAY—TABLING OF REPORT ON SUFFICIENCY OF TOLLS

Hon. J. W. Pickersgill (Minister of Transport): I should like to table a copy, in English and in French, of the report of the St. Lawrence Seaway Authority on the sufficiency of seaway tolls.

CANADA DEPOSIT INSURANCE CORPORATION

AUTHORIZATION FOR ESTABLISHMENT OF CORPORATION, MAKING OF LOANS, ETC.

Hon. Robert Winters (for the Minister of Finance) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That it is expedient to introduce a measure to establish the Canada Deposit Insurance Corporation with an authorized capital of ten million dollars to be subscribed for by the Minister of Finance and paid out of the consolidated revenue fund at such time as the corporation may require; to authorize the minister to make loans to the said corporation the aggregate outstanding amounts of which shall not at any time exceed five hundred million dollars; and to provide further for the employment of staff and for other matters consequential upon or incidental to any of the foregoing.

Motion agreed to.

GOVERNORS GENERAL OF CANADA

MEASURE TO PROVIDE ANNUITY UPON RETIREMENT

Right Hon. L. B. Pearson (Prime Minister) moved that the house go into committee at the next sitting to consider the following resolution, which has been recommended to the house by His Excellency:

That the house do go into committee of the whole at its next sitting to consider the following proposed resolution which has been recommended to the house by His Excellency:—

That it is expedient to introduce a measure to provide for the payment of a retiring annuity to Governors General of Canada and to their widows.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

WOMEN'S PRISON, KINGSTON, ONT.

Question No. 2,120—**Mrs. MacInnis (Vancouver-Kingsway):**

1. Has the federal prison for women at Kingston, Ontario, reverted to the former maximum security conditions and, if so, for what reason?

2. Is the emphasis in discipline in this prison punitive or rehabilitative and, if the former, for what reason?

3. Have any of the trained treatment staff resigned recently, since January 1, 1966, and, if so, for what reason in each case?

4. Has treatment of inmates retained its importance and, if not, for what reason?

5. Has the prison for women been put under the regional system designed for men's institutions and, if so, for what reason?

6. Has a staff selection committee been established and, if not, has such a committee been proposed?

7. If such a committee has been proposed, is it intended to carry out such proposal and, if not, for what reason?

8. Have representations been made by the staff charging inequalities in the staff promotion system and, if so, what are the stated causes of the alleged inequalities?

9. Are the social workers' files in the prison kept confidential according to usual social work standards and, if not, for what reason?

Hon. L. T. Pennell (Solicitor General): 1. No.

2. The emphasis in discipline is rehabilitative.

3. Yes, two have resigned for reasons stated as personal.

4. Yes, there has been no reduction in the emphasis given to treatment.

5. The prison for women is one of the institutions in the Ontario region and as such is responsible administratively to the regional director. As in all federal penitentiaries, the training program is the responsibility of the institutional head.

6. Yes.

7. Not applicable.

8. No.

9. Yes.

Questions

WHEAT MARKETED BY WHEAT BOARD

Question No. 2,130—**Mr. Pascoe:**

1. What quantities of wheat, listed separately in the various grades No. 1 Northern, No. 2, No. 3, No. 4 and No. 5, were marketed by the Canadian Wheat Board in the crop year 1964-65?

2. What quantities of the above grades, listed separately, were marketed by the Canadian Wheat Board in the crop year 1965-66?

Mr. Bruce S. Beer (Parliamentary Secretary to Minister of Agriculture): 1.

1964-65 (million bushels)	
No. 1 Northern	16.8
No. 2 Northern	183.0
No. 3 Northern	112.6
No. 4 Northern	57.8
No. 1 to 4 Cdn. Amber Durum	36.5
No. 5 wheat and lower	54.7
Total	461.0

The above quantities include exports and sales to the domestic market.

2.

1965-66 (million bushels)	
No. 1 Northern	9.3
No. 2 Northern	129.8
No. 3 Northern	168.0
No. 4 Northern	161.1
No. 1 to 4 Cdn. Amber Durum	33.7
No. 5 wheat and lower	43.6
Total	545.5

The above quantities include wheat exports only. Final figures will not be available for several weeks with respect to the grade breakdown for the domestic market and the export flour market.

BROADCASTING BY U.S. ORGANIZATIONS OVER CANADIAN RADIO

Question No. 2,134—**Mr. Howe (Hamilton South):**

1. Are there any regulations restricting broadcasting by American political organizations over a radio station located in Canada?

2. If so, was station CJSP Leamington authorized to broadcast a program concerning the John Birch Society and sponsored by American firms in Detroit for American consumption on Sunday, October 30, 1966?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Board of Broadcast Governors as follows: 1. No. However, any such programs are subject to the Broadcasting Act and regulations.

[Mr. Pennell.]

2. Station CJSP had no need to get the permission of the BBG to carry the program but the station would be required to make time available on an equitable basis to other points of view.

IMMIGRANTS ENTERING CANADA, 1965

Question No. 2,156—**Mr. Coates:**

1. How many immigrants entered Canada in 1965, from what countries did they come, and in what numbers?

2. How many of the immigrants who came to Canada in 1965 settled in Nova Scotia and what percentage of the total number does this represent?

3. Have any special efforts been made by the government to attract immigrants to the Atlantic provinces and what degree of success has been indicated by such a program, if it exists?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. See attached table.

2. Of the 146,758 immigrants admitted to Canada in 1965, 1,612 or 1.1 per cent were recorded as being destined to the province of Nova Scotia at the time of their arrival.

3. No. The federal government's efforts to interest skilled immigrants in settlement in Canada are not conducted on provincial or regional lines. The overseas counselling officers of the department try to inform all applicants impartially of economic and living conditions throughout Canada. They of course describe the areas where a demand exists for a particular occupation. There is also close co-operation with those individual provinces which themselves promote immigration.

IMMIGRATION TO CANADA BY COUNTRY OF FORMER RESIDENCE—1965

Country of Last Permanent Residence	
Algeria	10
Arabia, Saudi	7
Argentina	489
Australia	2,150
Austria	1,472
Belgium	977
Bermuda	120
Brazil	587
Britain	39,857
England	28,820
Northern Ireland	1,934
Scotland	8,363
Wales	682
Lesser Br. Isles	58
Bulgaria	13
Ceylon	126

China	197
Czechoslovakia	68
Denmark	859
Egypt	1,378
Finland	504
France	5,225
Germany	8,927
Greece	5,642
Hong Kong	4,155
Hungary	453
Iceland	7
India	2,241
Iran	136
Ireland (Republic)	861
Israel	822
Italy	26,398
Japan	209
Latvia	4
Lebanon	602
Lithuania	2
Luxemburg	22
Malta	1,055
Mexico	147
Morocco	834
Netherlands, The	2,619
New Zealand	561
Norway	324
Pakistan	423
Poland	1,975
Portugal	5,734
Roumania	55
South Africa, Rep.	545
Spain	837
Sweden	361
Switzerland	2,169
Syria	71
Tunisia	12
Turkey	469
U.S.S.R.	157
United States	15,143
Yugoslavia	1,230
Africa, n.e.s.	417
Asia, n.e.s.	2,226
Central America	39
Europe, n.e.s.	9
South America, n.e.s.	1,395
West Indies	3,095
Other Countries, n.e.s.	336
TOTAL	146,758

n.e.s. means "not elsewhere specified".

CONTRACT FOR TOPOGRAPHIC MAPPING, GUYANA

Question No. 2,174—**Mr. Bell (Carleton):**

1. Has a contract been awarded or arranged through external aid for a topographic mapping project in Guyana?

2. What are the names and addresses of all firms who were invited to submit proposals?

3. On what date or dates were such invitations sent?

4. What firm was chosen?

5. What is the amount of the contract?

6. Wherein did the proposals of the successful firm commend themselves to the government in preference to the proposals of other firms?

7. What equipment necessary for the project was (a) owned (b) leased (c) otherwise controlled, by the successful firm on the date of the award of the contract?

8. Have any advance or other payments been made in respect of the contract?

9. If so, what payments, in what amount and when were they made?

10. Has the government been made aware of litigation arising out of the circumstances preliminary to or contemporaneous with the award of this contract?

11. If so, what attitude has the government taken in respect of this litigation?

Hon. Paul Martin (Secretary of State for External Affairs): 1. The government of Guyana has negotiated a contract, signed on November 26, for a topographical mapping project, to be financed under a development loan, with the Canadian owned company, Terra Surveys Limited.

2. General Photogrammetric Services Limited (Ottawa), Terra Surveys Limited (Ottawa), Lockwood Survey Corporation Limited (Toronto), Spartan Air Services Limited (Ottawa), Canadian Aero Services Limited (Ottawa).

3. August 23, 1966.

4. Terra Surveys Limited was recommended to Guyana.

5. $1,800,000.

6. In accordance with established procedures, written proposals were judged on the soundness, ingenuity and the financial implications of the technical procedures and operational plans submitted, the present commitments of each company both for regular commercial contracts and for other projects of a similar nature under the Canadian external aid program, the experience of company personnel in the fields to be covered, and the technical capacity of company personnel.

7. Terra Surveys Limited indicated that it would have available for the project the following equipment: 1 complete Aerodist system; 1 Wild RC9 Super infragon camera; 1 Wild universal mount; 1 Wild horizon camera; 1 Rosemount 800 F4D altitude transducer (statoscope); 1 APR system manufactured by Electronic Associates; 1 Wild PUG

point transfer instrument; 3 Wild B8 autographs; 1 Wild A8 autograph; 1 Precision coordinatograph; Aircraft for the project would be leased.

8. As of December 2, no payments had been made on this contract

9. See the answer to question 8.

10. Yes.

11. The government does not customarily intervene in litigation between private companies.

INCORPORATION OF TERRA SURVEYS LTD.

Question No. 2,175—**Mr. Bell (Carleton):**

1. Upon what date was an application received by the Department of the Secretary of State for the incorporation of Terra Surveys Limited?

2. Upon what date was the grant of letters patent approved?

3. Upon what date were the letters patent (a) signed by the Secretary of State (b) recorded?

4. Upon what date were the letters patent dispatched to the applicants or their solicitors?

5. Who are the persons shown in the said letters patent as first directors of the corporation?

Hon. John N. Turner (Member of the Administration): 1. August 16, 1966.

2, 3 and 4. The letters patent were issued on August 16, 1966, and pursuant to the provisions of section 11 of the Canada Corporations Act the company came into existence on the date of the letters patent incorporating it. The letters patent were recorded on September 9, 1966.

5. Alastair Macdonald, Robert Cameron McLaughlin, Mary Ann Gaudreau, Jeffrey Lyman Dewitt King and Paul Bernard Stanley Tetro.

CONTRACTS FOR TOPOGRAPHIC SURVEYS, TRINIDAD AND TOBAGO

Question No. 2,176—**Mr. Bell (Carleton):**

1. Since January 1, 1965, have any contracts been awarded or arranged through external aid for topographic mapping or similar surveys in Trinidad and Tobago?

2. If so, in each instance (a) what are the names and addresses of all firms invited to submit proposals (b) what firm was chosen (c) what was the amount of the contract (d) wherein did the proposals of the successful firm commend themselves to the government in preference to the proposals of other firms (e) had the successful firm ever previously (i) undertaken works of this nature abroad, or (ii) performed work of this nature for the government of Canada?

[Mr. Martin (Essex East).]

3. Were any representations or submissions, formal or informal, received from the Government of Trinidad and Tobago expressing concern about this contract?

4. If so, what was the nature of such representations or submissions?

Hon. Paul Martin (Secretary of State for External Affairs): 1. Since January, 1965, a photographic contract has been awarded to General Photogrammetric Services Limited and a topographic mapping contract to Survair Limited.

2. (a) The contract awarded to General Photogrammetric Services Limited for preliminary photography was awarded on the basis of a tender call. Other companies which submitted tenders included Aero Photo Inc., Canadian Aero Services Limited and Lockwood Survey Corporation Ltd. (b) See answer to Question 1. (c) General Photogrammetric Services Limited, $80,000; Survair Limited, $1,414,612. (d) The award to General Photogrammetric Services Limited was based on the low tender. The award to Survair Limited, in accordance with established procedures, was based on written proposals which were judged on the soundness, ingenuity and the financial implications of the technical procedures and operational plans submitted, the present commitments of each company both for regular commercial contracts and for other projects of a similar nature under the Canadian external aid program, the experience of the company personnel in the fields to be covered, and the technical capacity of company personnel. (e) (i) Yes. (ii) Yes.

3. No.

4. See answer to Question 3.

AIR CANADA PASSENGERS CARRIED, AIRCRAFT, ETC.

Question No. 2,236—**Mr. McCleave:**

1. What was the average number of daily passengers carried aboard flights of Air Canada (née Trans-Canada Air Lines) in 1956, 1961 and the first three quarters of 1966?

2. What was the average number of aircraft in service by Air Canada (formerly T.C.A.) in each of these periods?

3. What were the average number of scheduled flights daily from (a) Montreal to Toronto (b) Montreal to eastern Quebec province (c) Montreal to Atlantic Canada, for July in 1956, 1961 and 1966?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Air Canada advises as follows: 1. In 1956, 5,664. In 1961, 10,170. In first three quarters 1966, 15,234.

2. In 1956, 70. In 1961, 82. In first three quarters 1966, 81.

3. (a) In July 1956, 21. In July 1961, 29. In July 1966, 24. (b) In July 1956, 6. In July 1961, 8. In July 1966, 9. (c) In July 1956, 8. In July 1961, 8. In July 1966, 11.

FEES FOR APPEARING ON "SUNDAY" PROGRAM

Question No. 2,237—**Mr. Johnston:**

What fees were paid to the following for their appearance on the C.B.C. program "Sunday" (a) Allen Ginsberg (b) Dr. Shepperd (c) Mrs. Porter (former Mrs. Lee Harvey Oswald)?

Hon. Judy V. LaMarsh (Secretary of State): It has not been customary to require the C.B.C. to disclose fees paid to individuals, since this could adversely affect the corporation in the competitive field of broadcasting.

C.B.C. PROGRAM "SUNDAY"

Question No. 2,258—**Mr. Scott (Victoria (Ont.)):**

1. What is the cost of production of the C.B.C. program Sunday?

2. Has the C.B.C. a contract with the producers and, if so, for how long?

3. Are any precautions being taken to eliminate the showing of further programs of this nature?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. as follows: 1. Cost of individual programs will vary but the budget allows for an average of approximately $30,000 per week.

2. Yes. Contracts with the producers run to next summer.

3. The new "Sunday" series is continuing to develop and efforts have been made to eliminate the shortcomings that have occurred in the early programs of the series.

*REQUEST FOR TAX RELIEF UNDER AUTOMOTIVE AGREEMENT

Question No. 2,272—**Mr. Irvine:**

1. Have the Ministers of Finance, Trade and Commerce, National Revenue, and Industry received a submission, prior to this date, from the Automotive Parts Manufacturers Association requesting tax relief in specific areas due to economic pressure generated by the Canada-U.S. Automotive Agreement?

2. Was there included in this submission a recommendation for the removal of the 11 per cent sales tax on machinery and equipment for the automotive parts manufacturing industry?

Mr. Jean Chrétien (Parliamentary Secretary to Minister of Finance): The answer to the first part of the question is yes, ministers have recently received a letter from the Automotive Parts Manufacturers Association (Canada) urging changes in the sales tax and income tax law.

The answer to the second part of the question is yes.

FIREFIGHTING EQUIPMENT, NOVA SCOTIA INDIAN RESERVES

Question No. 2,273—**Mr. Muir (Cape Breton North and Victoria):**

1. For each year since 1963, what fire-fighting equipment and other assistance has been provided by the government to the Indian population on the Eskasoni Indian Reserve, N.S., and the Middle River Reserve?

2. On each reserve, who is the person responsible for and competent to operate such equipment?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. Eskasoni reserve—In August 1964, the following equipment was purchased: (a) four ton fire truck with 500 gallon tank and pumper; (b) 150 linear feet of two inch fire hose; (c) fire axes; (d) stretcher; (e) 200 linear feet of one and a half inch forestry hose; (f) roof ladder and extension; (g) 60 foot extending ladder; (h) 20 linear feet of suction hose; (i) 5 horse power pump; (j) siren.

In addition, there is also a separate pump and a large quantity of forestry hose which can be used.

Middle River reserve: No equipment has been purchased for this reserve. Fire service is provided by the adjacent town of Baddeck.

2. The equipment is housed in the fire hall on the Eskasoni reserve, under the charge of the chief of the fire brigade, Mr. Adrian Morris.

Questions

FREIGHT AND PASSENGERS CARRIED, C.N.R. AND C.P.R.

Question No. 2,274—**Mr. Douglas:**

1. How many ton-miles of freight were moved by (a) the C.N.R., and (b) the C.P.R., in 1956 and in 1965?

2. How many passengers were carried by (a) the C.N.R. and (b) the C.P.R., in 1956 and 1965?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. (a) and (b)

Net Ton-Miles of Freight*

Year	C.N.R. Revenue	C.N.R. Non-revenue	C.P.R. Revenue	C.P.R. Non-revenue
	(000)		(000)	
1956	37,591,061	2,419,190	30,433,335	1,731,990
1965	42,174,182	1,068,605	33,773,280	652,684

* Represents the movement of a ton (2,000 pounds) a distance of one mile. A charge for a movement classifies a ton-mile as a revenue ton-mile. Non-revenue ton-miles reflect the transportation of company materials and supplies such as rails, ties, ballast, fuel, etc., without charges, for the railway's own use.

2. (a) and (b)

Revenue Passengers Carried

Year	C.N.R.	C.P.R.
1956	14,528,473	8,906,288
1965	16,760,830	6,868,283

Source: Dominion Bureau of Statistics Catalogue No. 52-210, "Railway Transport, Part IV"

CARBON MONOXIDE POLLUTION IN INDUSTRIAL PLANTS

Question No. 2,277—**Mr. Fawcett:**

1. Is there any federal regulation which establishes a threshold safety limit of air pollution by carbon monoxide gases in industrial plants where such pollution is expected to occur?

2. If so, what has been established as the maximum under which employees can be exposed without incurring effects detrimental to health?

3. If not, is any federal research being carried out to determine a maximum safety level?

4. Does inspection of plants for possible pollution of air come under federal jurisdiction, provincial jurisdiction, or both?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Department of National Health and Welfare as follows: 1. No.

2. Not applicable.

3. No.

4. Provincial jurisdiction—except federal undertakings.

[Mr. Laing.]

INSPECTION OF GREAT LAKES VESSELS UNDER CANADIAN REGISTRY

Question No. 2,299—**Mr. Gray:**

1. What are the names and dates of construction for each vessel under Canadian registry which was in use on the great lakes during the 1966 shipping season, and which was (a) constructed in 1906 (b) in each year previous to 1906?

2. What are the requirements for inspection of these vessels under Canadian law, and do these requirements include checking for "metal fatigue"?

3. When was each of them last inspected by officials of the federal government?

4. Will the government be carrying out any further inspections prior to the next shipping season, in addition to the inspections referred to above, in the light of the recent sinking on lake Huron of the *Daniel J. Morell*, and will any such further inspections include checking for metal fatigue?

5. If the answer to part 2 or 4 is in the negative, what is the reason for such answer?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. and 3.

Name of Vessel	Date of Construction	Date of Last Inspection
Victorious	1895	5.4.66
Pic River	1896	2.4.66
Black River	1896	31.3.66
Mohawk Deer	1896	7.4.66
Dolomite	1897	8.6.66
Burlington	1899	12.4.66
Douglas Houghten	1899	5.4.66
Maunaloa II	1899	6.4.66
Portadoc	1899	5.4.66
Windoc	1899	5.4.66
Saskadoc	1900	4.4.66
Captain C. D. Secord	1900	6.4.66
Howard L. Shaw	1900	5.4.66
Alexander Leslie	1901	11.4.66
Martian	1901	4.4.66
Bricolduc	1902	5.4.66
G. G. Post	1902	22.4.66
Soodoc	1902	5.4.66

Mancox	1903	1.4.66
Ontadoc	1903	5.4.66
Stonefax	1903	13.4.66
Augustus B. Wolvin	1904	22.4.66
Michipicoten	1905	2.4.66
Martha Hindman	1905	2.4.66
Grovedale	1905	5.4.66
Westdale	1905	5.4.66
Ridgetown	1905	31.3.66
Thornhill	1906	2.4.66
Meaford	1906	2.4.66
Sir Thomas Shaughnessy	1906	1.4.66
Pinedale	1906	5.4.66
Outarde	1906	6.4.66
Goudreau	1906	9.4.66
Heron Bay	1906	7.4.66
Goderich	1906	31.3.66
Helen Evans	1906	5.4.66

2. Canadian law requires that the vessels be inspected annually in accordance with detailed regulations made under the Canada Shipping Act. The requirements are broad and permit checking for metal fatigue when considered necessary by officers of the department. It should be noted that the age of the vessel is not necessarily indicative of the age of all portions of its structure due to renewals of material as the result of damage and normal wear and tear.

4. Each vessel will be inspected in accordance with statutory requirements prior to the next shipping season. Special instructions with respect to older vessels, and including checking for fatigue, were in effect prior to the sinking of the *Daniel J. Morrel* and will continue in effect.

5. No answer required.

FISHERIES DEPARTMENT EXPENDITURES, ATLANTIC PROVINCES

Question No. 2,300—**Mr. Crouse:**

1. What is the total amount of money that will be spent by the Department of Fisheries during 1966 on the following services (a) resources development branch (b) inspection services, and (c) economics branch in (i) Nova Scotia (ii) Newfoundland (iii) New Brunswick, and (iv) Prince Edward Island?

2. What are the estimated totals for this work in the four Atlantic provinces during 1967?

Hon. H. J. Robichaud (Minister of Fisheries): 1.

	Nova Scotia	Newfoundland	New-Brunswick	Pr. Edward Island
	$	$	$	$
Resource development				
Operation and maintenance	653,499.52	167,606.88	345,975.94	133,822.56
Construction	244,391.66	64,432.45	106,887.06	29,235.96
Total	897,891.18	232,039.33	452,863.00	163,058.52
Inspection service				
Operation and maintenance	561,836.26	494,540.04	229,900.25	95,272.07
Construction	16,860.93	52,145.38	130,846.63	1,317.38
Total	578,697.19	546,685.42	360,746.88	96,589.45
Economics service				
Operation and maintenance	53,799.11	34,726.72	7.80	Nil

Questions

Estimates 1966-67	Newfoundland $	*Maritimes $
Resource development		
Operation and maintenance	237,000.00	1,345,400.00
Construction	127,600.00	490,400.00
Total	364,600.00	1,835,800.00
Inspection service		
Operation and maintenance	545,350.00	970,750.00
Construction	86,000.00	67,300.00
Total	631,350.00	1,038,050.00
Economics service		
Operation and maintenance	44,150.00	61,025.00

*Estimates are prepared only on basis fisheries regions; Newfoundland forms a region as does the three maritime provinces. Figures of expenditure at year's end are developed by province for purpose of annual report.

JAPANESE WHALING SHIP "KYO MARU"

Question No. 2,304—**Mr. Crouse:**

1. What was the nature of the joint venture between Arctic Fisheries of Dildo Newfoundland and the Department of Fisheries?

2. What is the total amount of federal funds expended on this venture?

3. Under whose authority was the Japanese whaler *Kyo Maru* brought from Japan to Newfoundland?

4. How many Canadians are employed on this whaler and what are the financial arrangements between the ship owners and the federal Department of Fisheries?

5. What are the financial arrangements between the ship owners and Arctic Fisheries?

6. Why were these arrangements initiated?

Hon. H. J. Robichaud (Minister of Fisheries): 1. There is no arrangement between Arctic Fisheries and the Department of Fisheries. The department however entered into a charter agreement with Kyokuyo Hogei Ltd., of Tokyo, Japan, for hire of the steel whaling vessel No. 17 *Kyo Maru* to undertake on a commercial basis whaling operations out of Newfoundland. The whales taken were processed at the Dildo plant.

2. The charter rate was $2,000 a month, the total not to exceed $12,000.

3. The Minister of Fisheries.

4. No Canadians were employed as crew, but Canadian scientists and technologists observed these experimental operations. Re financial arrangements, see 2 above.

[Mr. Robichaud.]

5. Unknown.

6. To encourage the development of a modern whaling industry in the Canadian Atlantic region. In 1964 a similar arrangement was in effect in Nova Scotia, when a Norwegian whaling vessel was chartered. The department, in co-operation with industry, has established that whaling operations can be undertaken successfully out of Nova Scotia and Newfoundland.

*REGULATIONS ADJUSTING OLD AGE SECURITY PAYMENTS

Question No. 2,311—**Mr. Allmand:**

1. Has the Department of National Health and Welfare prepared the regulations necessary to adjust the basic amount of old age security in accordance with the "Pension Index" as set out in section 120 of the Canada Pension Plan and in section 3A of the Old Age Security Act?

2. If so, when will the first adjustment under these regulations be made with respect to the basic amount of old age security?

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): The answer to the first part of this question is no.

The answer to the second part of the question is as follows. If, pursuant to section 3A of the Old Age Security Act, adjustment is required in respect of the basic amount of old age security pension, the first such adjustment will be in respect of months, beginning with the month of January, in 1968.

LOSS OF AIR CANADA PERSONNEL DURING STRIKE

Question No. 2,312—**Mr. Laprise:**

During the Air Canada strike, how many (a) air hostesses (b) pilots (c) other members of the staff, left their employment?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Air Canada advises as follows: (a) Flight attendants, 9; (b) Pilots, 0; (c) Other members of the staff, 57.

Note: These figures are not significantly different from the average two week period during the past 12 months, or from the comparative two week period in November 1965.

[*Translation*]

GRANT TO AGRICULTURAL INSTITUTE, SAINT-HYACINTHE, QUE.

Question No. 2,315—**Mr. Ricard:**

What was the final amount of the grant for the construction and equipment of the Institut de technologie agricole of Staint-Hyacinthe?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): The total amount of the approved federal contribution for construction and equipment costs of the Institut de technologie agricole of Saint-Hyacinthe is $6,146,103.00 which amounts to 75 per cent of the total shareable cost of $8,194,804.00. The cost of land is not shareable.

[*English*]

NON-PROFIT FERRY AUTHORITY, GLOUCESTER, MASS.

Question No. 2,321—**Mr. Crouse:**

Has the government any information regarding a non-profit ferry authority to be set up in Gloucester, Massachusetts, following a project study by Caldwell, Tremble and Mitchell of New York for the provision of a second passenger and freight ferry between Gloucester and Nova Scotia?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Insofar as the Canadian Maritime Commission is concerned, the answer is no.

CRITICISM OF C.B.C. GREY CUP PARADE BROADCAST

Question No. 2,322—**Mr. McLelland:**

Did the Canadian Broadcasting Corporation receive any complaints and criticisms (a) by telephone (b) by letter, regarding the C.B.C. broadcast of the Grey Cup parade in Vancouver and, if so, how many?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. that it received 1,782 unfavourable telephone calls and 74 unfavourable letters with regard to coverage of the Grey Cup parade, predominantly from Vancouver viewers.

CONSUMERS DIVISION, HEALTH AND WELFARE DEPARTMENT

Question No. 2,334—**Mrs. MacInnis (Vancouver-Kingsway):**

1. Is there a consumer division in the Department of National Health and Welfare?
2. What personnel does it include?
3. What is its budget?
4. What are its functions?
5. Does it undertake consumer research?
6. If so, what are its techniques?
7. How does it communicate with the consumer?
8. Has it any regular channels of communication with the Consumers Association of Canada and, if so, what are they?
9. Have studies been made to determine what the consumer wants in the way of package and consumer sizes?
10. Have studies been made to discover what specific fields of consumer education should be stressed?

Hon. A. J. MacEachen (Minister of National Health and Welfare): 1. Yes.

2. Authorized establishment includes: 8 professionals and 4 administrative support Personnel (clerks and typists).

3. The budget for 1966-67 is $40,150 (exclusive of salaries).

4. The major functions of the consumer division are: (a) to plan, organize and direct a program of consumer education; (b) to plan and direct a program to ensure a flow of information from consumers to the directorate; (c) to determine consumer needs and gaps in consumer protection and to recommend means of improving such protection; (d) to conduct special surveys of consumer attitudes and interests; (e) to plan and arrange for the production of informational material for consumers; (f) to prepare displays on matters of consumer interest for exhibitions, fairs and consumer meetings; (g) to handle consumer correspondence for the directorate and to analyse and report on trends as reflected by such correspondence.

5. Yes.

6. Consumer research is carried out by means of (a) surveys of consumer opinion regarding food and drug products; (b) evaluation of resolutions received from meetings of consumers; and (c) analysis of complaints

for individual consumers and consumer groups across Canada.

7. The consumer division communicates by (a) preparing and distributing booklets and other informational material; (b) publishing a "Consumer Memo" dealing with current topics of interest to consumers; (c) addressing consumer groups; (d) providing displays for consumer meetings; (e) participating in discussion panels, radio and television consumer programs, and (f) corresponding with consumers.

8. Yes. The consumer division maintains contact with the Consumers Association of Canada through the following channels: (a) direct contact with officers of the Consumers Association of Canada at its headquarters in Ottawa; (b) attendance at annual meetings of the Consumers Association of Canada and meetings of provincial and local groups across Canada; and (c) correspondence with the provincial and local branches of the Consumers Association of Canada.

9. Yes. A survey of consumer opinion carried out in 1961 included questions relating to the packaging and labelling of foods.

10. Yes. Advice in this regard is also obtained from the advisory council of consumers appointed by the Minister of National Health and Welfare to advise the department on matters of consumer interest.

PROVINCIAL POPULATIONS AT CONFEDERATION

Question No. 2,338—**Mr. Laprise:**

What was the population of each of the ten provinces at the time they joined Confederation?

[*Translation*]

Mr. J. C. Cantin (Parliamentary Secretary to Minister of Trade and Commerce): The dates when each of the 10 Provinces entered into Confederation, and their estimated population as at these dates are as follows:

Province	Date of entry into Confederation	Estimated population at date of entry
Newfoundland	1949	345,000
Prince Edward Island	1873	98,000
Nova Scotia	1867	364,000
New Brunswick	1867	271,000
Quebec	1867	1,123,000
Ontario	1867	1,525,000
Manitoba	1870	22,000
Saskatchewan	1905	236,000
Alberta	1905	166,000
British Columbia	1871	36,000

[*English*]

*METHOD OF DEALING WITH PERPETUAL BONDS

Question No. 2,339—**Mr. Diefenbaker:**

1. Will the government give reconsideration to its decision not to redeem the Perpetual Bonds issued in 1936?

2. If the answer is in the negative, would it not redeem the bonds whose holders have held them for 15 years or more?

Mr. Jean Chrétien (Parliamentary Secretary to Minister of Finance): 1. No. Careful consideration was given to the matter prior to the decision.

2. Careful consideration has been given to a number of proposals involving redemption of all or some holdings of perpetual bonds. Unfortunately all such proposals, including the redemption of bonds held for a specified number of years, involve arbitrary and discriminatory treatment against other holders whose bonds are now quoted at substantial discounts below the original cost.

BONUS ON AGRICULTURAL LIMESTONE

Question No. 2,340—**Mr. Fairweather:**

Has it been decided to discontinue the bonus on agricultural limestone as of January 1, 1967 and, if so, what were the reasons for this change in policy?

Hon. J. J. Greene (Minister of Agriculture): Assistance on agricultural lime is provided by provincial programs, and since 1943, the federal government has reimbursed the provinces for a portion of their expenditures under such programs.

The federal government gave notice to the tax structure committee in September of this year of its new approach to shared cost programs, and its intention to remove federal conditions in respect of certain well established and continuing programs. In keeping with this policy, the decision was taken to discontinue federal support for provincial programs of lime assistance after March 31, 1967. Such programs are regarded as being well established and within the financial capability of the provinces, taking into account the additional resources to be made available through equalization and the other fiscal transfers from the federal government to the provinces.

STAFF SHORTAGE, ATLANTIC DEVELOPMENT BOARD

Question No. 2,341—**Mr. McQuaid:**

1. Is there a staff shortage on the Atlantic Development Board which is causing a delay in getting under way some of the studies which the board should be conducting and, if so, has this been brought to the attention of the government?

2. If a shortage does exist, will steps be taken immediately to provide the required staff to enable the board to proceed with the recommended studies?

Hon. J. W. Pickersgill (Minister of Transport): I am informed by the Atlantic Development Board as follows: 1. Yes.

2. The cause of the staff shortage is a shortage of qualified professional personnel to fill established positions. The board is continuously attempting to recruit qualified personnel from the available supply.

FEDERAL LOANS TO RIMOUSKI, MONT-JOLI AND TROIS-PISTOLES, QUE.

Question No. 2,344—**Mr. LeBlanc (Rimouski):**

1. What was the number and amount of the loans granted by the federal government to the town of Rimouski, to the town of Mont-Joli, and to the town of Trois-Pistoles, in 1965 and 1966?

2. What was the nature of those projects that benefited from a federal loan in 1965 and 1966, in the towns of Rimouski, Mont-Joli, and Trois-Pistoles?

3. At what conditions and interest rates were these loans made?

Hon. Mitchell Sharp (Minister of Finance): 1. The Municipal Development and Loan Board made two loans totalling $593,377.69 to the town of Rimouski, one loan in amount of $28,300 to the town of Mont-Joli, and three loans totalling $107,239.12 to the town of Trois-Pistoles.

2. Rimouski: New arena; retaining wall along the river. Mont-Joli: Municipal garage. Trois-Pistoles: Water and sewer work; renovations to the arena; recreational facilities in the arena.

3.

	Amount $	Interest Rate %	Term (yrs)
Town of Rimouski	44,377.69	5¼	20
	549,000.00	5⅜	30
Town of Mont-Joli	28,300.00	5⅜	30
Town of Trois-Pistoles	29,966.67	5⅜	30
	37,272.45	5¼	20
	40,000.00	5¼	30

Questions

*DISCONTINUANCE OF MAIL ROUTE, N.S.

Question No. 2,348—**Mr. MacEwan:**

1. Has the Postmaster General received a letter from the town clerk of Thorburn, N.S., or on behalf of the citizens of the town, protesting the proposed discontinuance on February 28, 1967, of the mail route—Thorburn, N.S. to New Glasgow, N.S.—which mail route now departs from Thorburn at 1.30 p.m.?

2. In view of the importance of this service to the citizens of this town, is the Postmaster General giving consideration to the continuation of the present service?

Hon. Jean-Pierre Côté (Postmaster General): 1. Yes.

2. Yes. Thorburn will continue to have an early afternoon dispatch at approximately 1:30 p.m. An additional service will also be provided by a dispatch at approximately 6 p.m. These services will be performed through a rearrangement of other services operating in the area.

FEDERAL CONTRIBUTION TO ARMED FORCES PENSIONS

Question No. 2,350—**Mr. Forrestall:**

1. How much money has the government contributed to the pensions of retired officers and men of the regular armed forces under the Canadian Forces Superannuation Act each year since 1948?

2. What is the present balance of the Canadian Armed Forces Superannuation Fund?

3. What was the amount of contributions by serving officers and men to the fund during the past year?

4. What was the total of pension disbursements to retired officers and men during the past year?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. Pensions of retired officers and men of the regular armed forces are paid from the superannuation account to which are credited the contributions of both the government and military personnel. Government contributions to the superannuation account since 1948 are:

Questions

Permanent Services Pension Account	Contributions	Interest	Actuarial Liability Adjustment
1948-49	$ 7,395,379	$ 664,165	
1949-50	9,046,347	1,219,701	
1950-51	11,974,766	1,980,693	
1951-52	30,711,777	2,811,597	
1952-53	30,008,601	4,700,762	
1953-54	35,213,966	6,669,761	
1954-55	36,734,187	8,926,549	
1955-56	40,144,164	12,004,946	
1956-57	46,351,821	15,001,456	
1957-58	49,731,909	18,306,790	
1958-59	49,504,051	31,811,886	$ 326,300,000
1959-60	51,791,054	39,343,006	
Canadian Forces Superannuation Account			
1960-61	$ 40,549,588	$ 43,432,211	
1961-62	55,984,894	48,049,880	
1962-63	58,103,389	53,084,902	$ 198,549,000
1963-64	59,654,950	66,307,701	76,500,000
1964-65	58,774,467	74,981,492	67,202,000
1965-66	58,789,870	83,251,648	16,600,000

2. Credits to the Canadian armed forces superannuation account as at November 30, 1966—$2,256,699,638.

3. Contributions by serving personnel for fiscal year 1965-1966—$34,052,969.

4. Pension disbursements for fiscal year 1965-1966—$36,878,141.

INCOME TAX ALLOWANCE FOR AUTOMOBILES

Question No. 2,351—**Mr. Forrestall:**

1. Will the government examine section 11 (1) of the Income Tax Act which provides that certain taxpayers are eligible to claim capital cost of an automobile that is used in the course of their employment to help earn income, and consider amending the act to provide similar capital cost allowances for those individuals who substitute an aircraft for an automobile for the same purpose?

2. Why are the words "and/or aircraft" omitted from section 11 of the Income Tax Act which now applies only to a taxpayer's use of an automobile?

Hon. Mitchell Sharp (Minister of Finance): 1. This has been examined in answer to representations made in past years and the decision reached was to propose no change.

2. The subsection referred to permits certain employees, who require transportation from place to place as they perform their employment, to claim capital cost allowances in respect of an automobile required for use in the performance of their duties. It has been considered sufficient to allow this deduction in respect of the means of transportation most generally used and unnecessary to allow a deduction in respect of the capital cost of a boat or aircraft acquired by an employee for use in his employment.

[Mr. Cadieux (Terrebonne).]

SCHOONER "BLUENOSE" ON TEN CENT PIECE

Question No. 2,354—**Mr. Crouse:**

Is it the intention of the government to return the likeness of the Lunenburg schooner *Bluenose* to the back of Canada's ten cent piece in 1968, following the issue of special coins to be struck for the 100th anniversary of Confederation?

Hon. Mitchell Sharp (Minister of Finance): In a press release dated April 20, 1966, dealing with the new wildlife series for the centennial coinage, it was stated that the government would decide some time during 1967 whether the new designs would be adopted for regular issue following centennial year. No further decision in that regard has been made.

TRADE AND COMMERCE NEWSPAPER "CANADA COURIER"

Question No. 2,357—**Mr. Guay:**

Does the Department of Trade and Commerce publish a tabloid newspaper titled *Canada Courier* for distribution outside of Canada only, as a trade promotional measure and, if so (a) how many copies are printed (b) how frequently does the newspaper appear (c) what is the annual cost of the publication (d) to whom are copies distributed (e) what results are achieved?

[*Translation*]

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): The Department publishes a tabloid newspaper titled *Canada Courier*, for distribution abroad only, as a trade promotional measure. Its contents relate to news items and feature articles about Canadian products and services available for export, particularly material which indicates the new and the novel or otherwise reveals the achievements and competitive capabilities of Canadian manufacturers and producers. No paid advertising is carried but contributions describing the export activities of Canadian firms are welcomed and considered for publication. (a) Published in five language editions, the total combined annual circulation is 538,000. (b) It appears six times a year in English, twice a year each in French, Spanish, German and Arabic. (c) The appropriation for fiscal year 1966-67, to print and distribute 14 issues, is $59,700. (d) *Canada Courier* is distributed by direct mail to potential buyers of Canadian products and services in more than 100 countries. The mailing list is kept up-to-date by Canadian Government Trade Commissioners abroad. (e) Every copy incorporates an enquiry coupon whereby the foreign reader may enquire about any product or service mentioned. For example, the department received 587 individual trade enquiries in response to the last issue for which complete figures are available.

[*English*]

SUB POST OFFICE LOCATION, SYDNEY, N.S.

Question No. 2,362—**Mr. Muir (Cape Breton North and Victoria):**

1. When will the sub post office be established in the Sydney River area, located outside the city of Sydney, Nova Scotia?

2. Where will such a sub post office be located?

3. Who will be the postmaster at such a sub post office?

Hon. Jean-Pierre Côté (Postmaster General): 1. The sub post office will be established when the premises are available for occupancy.

2. The Plaza Smoke Shop in the new Joy shopping center.

3. Mr. Harold W. Davis.

Questions

EDUCATIONAL FACILITIES, BLANDFORD, N.S. FORCES BASE

Question No. 2,366—**Mr. Crouse:**

1. Is it the intention of the Department of National Defence to provide its own educational facilities for the children of personnel staffing the Canadian Forces Base at Blandford, Nova Scotia?

2. If not, is it the government's intention to educate the children of personnel on the base, at Shatford Memorial School in Hubbards, Nova Scotia?

3. If not Hubbards, will the children of personnel be educated at Chester, Nova Scotia?

Hon. Léo Cadieux (Associate Minister of National Defence): 1. No.

2 and 3. Because of plans to reduce grade levels at the Shatford Memorial school and because this school could not accommodate all the secondary pupils concerned, consultations have been held with the chairman of the Chester municipal school board as Blandford radio station is in the Chester municipality. No decision has yet been made but it is proposed that elementary pupils attend Mill Cove and Blandford schools and secondary pupils attend Chester high school.

*IMPORTS OF CANNED TOMATOES

Question No. 2,367—**Mr. Ricard:**

1. In the year 1966, has Canada imported canned tomatoes from the following countries: Spain, South Africa, Italy, and Bulgaria?

2. If so, what were the quantities for each of the above-mentioned countries, and what was the value of the imported products?

[*Translation*]

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. Yes, Canada imported canned tomatoes from the countries specified in 1966.

2. According to the latest statistics available, the following quantities and values of canned tomatoes were imported in the nine-month period, January-September 1966:

Country	Quantity Lb.	Value $'000
Spain	599,155	44
Republic of South Africa	443,685	49
Italy	1,415,072	151
Bulgaria	2,757,099	193

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

Question No. 2,117—**Mr. Orlikow:**

1. What are the qualifications of the present senior staff officials at the prison for women in Kingston?

Questions

2. Have any of the senior staff received training in the behavioural sciences—psychiatry, psychology, sociology, social work, education and, if so, what are the degrees?

3. Do the senior staff responsible for operating our penitentiaries seek the advice of those with professional knowledge of methods of changing behaviour?

4. Have the recommendations of the Archambault Report 1938 and the Fauteaux Report 1956 in relation to establishing liaison with universities to formulate programs for staff training, been followed?

5. If so, how is this put into practice?

6. How many staff in the penitentiary service are employed exclusively on counselling—dealing with inmates' families, planning pre-release, and release?

7. How is staff selected?

8. What is the basis of selection?

9. How is staff trained?

10. What is the curriculum?

11. What materials are used?

12. Who staffs the training college?

13. What are their qualifications?

14. What role does the superintendent of the institution play in the selection and supervision of staff?

15. What responsibility and authority does the superintendent have?

16. What authority is delegated to lower levels by the superintendent?

17. What proportion of staff is for treatment?

18. What are their positions?

19. How many female staff in the penitentiary service have professional training?

20. How many female staff have graduated training in the behavioural sciences?

21. How many of the correctional staff members have been promoted in the past six months in the prison for women?

22. What are the criteria for promotion?

23. Is promotion of staff dependent on a progressive non-punitive attitude towards inmates?

24. Is promotion of staff dependent on efficiency in operating an institution?

25. Has the penitentiary service an estimate of the "ideal" institution and, if so, what is the ratio of staff to inmates in such institution?

26. What is the ratio of staff to inmates in the prison for women in Kingston, today?

27. What is the ratio of staff to inmates in the prison for women in Natsqui, today?

28. What is "the treatment of staff" in the prison for women today?

29. What is the cost per inmate per annum, in the prison for women?

30. What are the salary ranges of staff in the prison for women?

Return tabled.

[Mr. Orlikow.]

EXTERNAL AFFAIRS

COMMUNIST CHINA—REQUEST FOR STATEMENT ON PRESENT SITUATION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, having regard to the serious turmoil taking place in communist China, is the Secretary of State for External Affairs in a position to give a statement to the house regarding the danger, if any, to Canada's trade in wheat with that country? In view of these circumstances and the seriously increasing foment which, indeed, is approaching civil war, is the government going to postpone its apparent intention of giving recognition to the Mao régime.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I do not know the basis for the question my right hon. friend has just asked in the concluding part of his statement. The government did indicate it was giving consideration to this matter. Naturally the events in China, as they are unfolding, remain to be finally assessed. This undoubtedly will be a factor in whatever decision the government takes.

Mr. Diefenbaker: Would the minister advise whether the situation there is of such a nature as to cause a degree of fear respecting the potential future deliveries of wheat to communist China?

Mr. Martin (Essex East): I have no information that would warrant that conclusion, Mr. Speaker. The best information I have is that the rioting continues, principally in Nanking. There is a continuing feud between workers and the red guard in some of the factories. There is a conflict between agricultural and urban elements. However, the final pattern, in the judgment of those countries which have representation in Peking, has not yet been determined.

Hon. Alvin Hamilton (Qu'Appelle): A supplementary question, Mr. Speaker. Would the minister be able to inform the house whether he has seen a copy of the message sent from Peking to the Canadian representatives at Hong Kong refusing entry of the Canadian trade commissioner into China? Has the minister seen a copy of that message?

Mr. Martin (Essex East): Mr. Speaker, I have not.

Hon. George Hees (Northumberland): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce. In view of

the unsettled conditions in China has the minister any information to give the house about the possibility of future wheat orders from that country being discontinued or not being placed with Canada?

Hon. Robert Winters (Minister of Trade and Commerce): No, Mr. Speaker. There is no evidence to indicate that.

[*Later:*]

Mr. Hees: Mr. Speaker, I should like to address a question to the Minister of Trade and Commerce. In view of the refusal of China to allow the Canadian trade commissioner to Hong Kong to enter that country, is the government taking steps to facilitate the efforts of Canadian businessmen to build trade with that country?

Mr. Winters: Yes, Mr. Speaker. I can assure my hon. friend that we will lose no opportunity to keep as close to those markets as we can.

Mr. Hees: Can the minister give the house briefly some idea of what he has just said?

Some hon. Members: Oh,oh.

INDUSTRY

PRICE INCREASES BY STEEL COMPANY OF CANADA

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the right hon. Prime Minister with respect to the action of the Steel Company of Canada in raising the price of steel bars and the decision of the government not to intervene. I would ask the Prime Minister what events have taken place since last September which would warrant the government in changing its position and now accepting an action which it asked the company to defer a few months ago.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, any answer to that question would require an analysis of recent economic and financial developments which would not be appropriate for the orders of the day. I can only say that the government felt this was not a situation which required intervention. I am also informed that the action taken now is not in all respects the same as that proposed some months ago.

Mr. Douglas: A supplementary question, Mr. Speaker. Could I ask the right hon. Prime Minister if the government would consider referring this matter to the Senate and House of Commons committee on consumer credit and cost of living which is studying the whole question of price increases at this time.

Mr. Pearson: Mr. Speaker, I think it would be quite unnecessary to refer this particular matter to that committee.

FINANCE

MERCANTILE BANK—RESPONSE TO NOTES FROM U.S.

On the orders of the day:

Mr. Bert Leboe (Cariboo): My question is for the right hon. Prime Minister. Some time ago the hon. member for Red Deer inquired about the government's response to the notes from Washington regarding the Mercantile Bank. Has the Prime Minister anything to report on this matter?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker.

PERPETUAL BONDS—INQUIRY AS TO REPLACEMENT

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I wish to direct a question to the Minister of Finance, but in his absence I shall direct it to the Prime Minister. In view of the answer given to question No. 2,339 regarding perpetual Dominion of Canada bonds—today a $100 bond is worth only $54—

An hon. Member: It is a shame.

Mr. Crouse: It is a shame; I agree with the hon. member who made that comment. Would the Prime Minister give consideration at least to implementing this clause in that bond:

> When the coupons attached hereto are exhausted the bearer hereof or if registered, the registered holder hereof on surrender of this bond will be entitled to receive in exchange therefor a new bond of like tenor with coupons for a further period of years.

I ask this because the bonds have dropped to almost half their value and the banks have not received notice to date about replacements for the bonds, with coupons attached.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I can only say that I shall discuss this particular matter with the Minister of Finance who will be in Ottawa later in the day.

Inquiries of the Ministry

AGRICULTURE

SASKATCHEWAN—REPORTED DELAY IN MILK SUBSIDY PAYMENTS

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): I should like to direct a question to the Minister of Agriculture in reference to the subsidy for milk and cream which the farmers are supposed to receive quarterly. The farmers in Saskatchewan are very much dissatisfied with these payments. I should like to bring to the attention of the minister—

Mr. Speaker: Order, please. The hon. member should ask a question.

Mr. Rapp: What will the minister do to improve these payments, coming quarterly or semi annually?

Hon. J. J. Greene (Minister of Agriculture): To the best of my knowledge, Mr. Speaker, the payments pretty well have been brought up to date. From the first of the year they will be made monthly instead of quarterly. If the hon. member knows of instances where farmers are not receiving their payments I should be glad to look into the matter.

Mr. Rapp: Supplementary to that, Mr. Speaker, I have letters, but I should not like to show them to the minister.

Some hon. Members: Oh, oh.

Mr. Eric A. Winkler (Grey-Bruce): A supplementary question, Mr. Speaker. I would ask the Minister of Agriculture if there will be further legislative items in regard to his department or agriculture generally during the balance of the session.

Mr. Speaker: Order, please.

[*Later:*]

Mr. Winkler: Mr. Speaker, may I now put my question to the Minister of Agriculture. I should like to ask him whether there will be any agricultural legislation in the balance of this session?

Mr. Greene: If there is, it will be announced in the proper manner.

COAL

CAPE BRETON—IMPLEMENTATION OF ANNOUNCED GOVERNMENT POLICY

On the orders of the day:

Mr. David Lewis (York South): I wish to direct a question to the right hon. Prime Minister and ask him whether he intends to make a statement to the house regarding the arrangements, which he announced in a press release dated December 29, for a crown corporation and related policies to deal with the Cape Breton coal situation. Will he deal not only with the crown corporation but also with the particular elements of that policy and the coal problem itself.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the statement in connection with the press release should be tabled. That will be done tomorrow, I am sorry it was not done today. There may be an opportunity before long to discuss this matter.

Mr. Lewis: A supplementary question, Mr. Speaker. I would ask the right hon. Prime Minister what sort of negotiations are now taking place with the Dominion Steel and Coal Company for the acquisition of whatever rights the company may have. Is it the intention of the government to compensate the Dominion Steel and Coal Company for relieving it of its financial burdens?

Mr. Pearson: Mr. Speaker, we should be poor negotiators if we answered that question this afternoon. Negotiations are taking place for ways and means to implement the principles outlined in the statement. In due course, I expect, legislation will be required. That legislation will be before the house.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. I ask the Prime Minister, as there seems to be a similar phasing out of the steel industry on Cape Breton Island as indicated by the closing of the rod mill, and similar events which have taken place, whether the government has given thought to widening the scope of the crown corporation to include any phasing out or diminution of the steel industry in that area.

Mr. Pearson: Mr. Speaker, I do not know of any phasing out of the steel industry in the area. We have been talking of the phasing out of the coal industry.

Mr. Robert Muir (Cape Breton North and Victoria): A supplementary question, Mr. Speaker. May I ask the Prime Minister whether he has received a communication from Dr. Malcolm MacLellan, president of St. Francis Xavier University, in regard to the serious lay-off of approximately 1,000 employees of the DOSCO steel plant at Sydney during the closing months of 1966. Further, if the Prime Minister had received such a communication, what reply was given? Also to

use the words of Dr. MacLellan, what extraordinary steps are being taken by the government to restore confidence and a sense of security to the Cape Breton industrial community?

Mr. Pearson: Mr. Speaker, I shall have to look into that telegram. I believe I received one. I shall have to look into it.

PENITENTIARIES

KINGSTON, ONT.—REPORTED SIT DOWN STRIKE

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to ask the minister at present in the house prepared or able to answer for the penitentiaries service what the situation now is at Kingston penitentiary where, as reported, a sit down strike is in progress. What steps have been taken to restore discipline in that institution?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I shall have to take that question as notice.

COMPANY OF YOUNG CANADIANS

PARTICIPATION BY MEMBERS IN OTHER ACTIVITIES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would ask the Prime Minister whether he is in a position to deal before the house with the question of the Company of Young Canadians, whether guide lines have been given to these young people, and whether that mysterious mixture of imitation and confusion which apparently activates them today is to continue. Does the government agree that these young people, who are supposed to be doing their part to overcome poverty, not only in Canada but elsewhere, should be permitted to participate in programs rather far removed from the objectives of the Company of Young Canadians as set out by the government when the legislation was introduced.

Right Hon. L. B. Pearson (Prime Minister): The right hon. gentleman's question covered a good deal of ground, and my answer will have to be a little longer than would normally be desirable. I should like to begin by saying that the peaceful demonstration in Toronto to which the right hon. gentleman was obviously referring had nothing whatever to do with the Company of Young Canadians, which was not involved. The two volunteers reported in the press as having taken part did so in their personal capacity as citizens of a free country.

When this house approved the establishment of the Company of Young Canadians last summer we knew, I believe, that we were creating an organization which was expected to be characterized by a spirit of innovation, and of zeal in a new and uncharted field of public service. I stated at that time, and I am glad to repeat it, that "this is not only to be a company for young Canadians, but a company of young Canadians, a company in which young Canadians themselves will play a major role in determining the plans, operations and objectives." In this regard, I believe, the company must have a maximum degree of independence as it seeks to channel the idealism of youth into constructive social action.

I believe it is important at this time to make it clear that the original purposes of the company still have the fullest support of the government and, I hope, of the house. I wish to take this opportunity of reaffirming my confidence in the young men and women who are now serving in the company as volunteers, as staff members and as members of the provisional council. I believe they are a responsible group of men and women; I believe they will discharge their duties in a responsible way, and I do not think the government should interfere with the details of their operations.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: While at all times supporting the principle of freedom of speech, I ask the Prime Minister this. Does he agree with the views expressed, and are they consistent with that spirit of innovation in the written statement to which he referred and with the acceptance of a meaningful degree of independence, that a volunteer belonging to the Company of Young Canadians should say he would like to see Yorkville free of police harassment and without restrictive laws against LSD and marijuana? Is this part of the code which is to activate these young people, most of whom are devoted? I suggest to the Prime Minister that this type of thing is not in keeping with Canada's reputation or, indeed, in accord with the understanding of the Canadian parliament when the Company of Young Canadians was set up.

Inquiries of the Ministry

Mr. Pearson: There are a great many expressions of individual viewpoints with which I do not agree, some inside the House of Commons and some outside the House of Commons.

Mr. Terence Nugent (Edmonton-Strathcona): A supplementary question. There was a news report to the effect that the Company of Young Canadians had issued an objectionably worded circular. Is any safeguard attached to the spending of public funds, or any direction given these young people that public funds should not be used for the purpose of disseminating such literature, or at least literature which uses foul language?

Mr. Pearson: I understand this was a news sheet circulated among the membership of the company, and the council of the company has already taken a look at this particular news sheet. I do not believe I am in a position to comment on the details.

Mr. Nugent: The Prime Minister said these people were independent. Are there no guide lines at all, even with regard to good taste or decency of language?

Mr. Pearson: Yes, there are guide lines. The company was set up under an act of this parliament and is governed by regulations laid down under that legislation.

Mr. Diefenbaker: They are not being carried out.

NORTHERN AFFAIRS

NORTHWEST TERRITORIES—LETTER FROM COMMISSIONER RESPECTING CARROTHERS REPORT

On the orders of the day:

Mr. R. J. Orange (Northwest Territories): My question is addressed to the Prime Minister. I should like to ask him whether, in view of the letter dated December 13, 1966 from the commissioner of the Northwest Territories to the Minister of Indian Affairs and Northern Development in which the commissioner criticized the failure to take action to bring about a greater measure of political development in the north, the right hon. gentleman would tell the house when the government intends to make its views known with regard to the Carrothers commission report, and what plans the government has to implement this report.

Right Hon. L. B. Pearson (Prime Minister): I hope the Minister of Indian Affairs and Northern Development, who will be here tomorrow, will be in a position to do this before long. I will be very glad to discuss the matter with him, including the terms of the particular letter to which my hon. friend has referred.

Mr. Orange: Can the Prime Minister prevail upon his colleague to make an announcement soon with regard to the appointment of a successor to Mr. Sivertz, the commissioner, and, when so doing, impress on him the importance of the recommendation of the Carrothers commission that the status of the new commissioner be equivalent to that of a deputy minister.

Mr. Pearson: I hope this announcement can be made shortly. I shall be very glad to take up this important point with the minister.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I would ask the Prime Minister whether he agrees with the view expressed by the hon. member for the Northwest Territories, as reported in today's *Globe and Mail*, that Mr. Sivertz spoke for the entire territorial council as well as for a very large number of northerners when he complained about the lack of a government statement on the Carrothers report.

Further, if that view be correct, why should there be a suggestion that Mr. Sivertz would be punished for saying something which the hon. member for the Northwest Territories has stated to be right and proper?

Mr. Pearson: I am sure the right hon. gentleman would not wish me to comment on a statement made by another member of the house before I had had an opportunity of reading it. As for punishing Mr. Sivertz, that question does not arise at all.

Mr. Diefenbaker: According to the paper, a government authority said he would be punished.

[*Later:*]

Mr. John M. Reid (Kenora-Rainy River): Mr. Speaker, my question is for the Prime Minister and relates to matters raised by the hon. member for the Northwest Territories. Would it be possible to have the commissioner of the Northwest Territories appear before the committee on northern affairs?

Mr. Pearson: I will be glad to consider that suggestion, Mr. Speaker.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Hon. E. D. Fulton (Kamloops): I wish to address a question to the Minister of Trade and Commerce. I do so in keeping with the understandable desire that all members of the house should be fully enlightened at all times.

In view of the puzzlement expressed by the minister on a C.B.C. program last night arising out of a certain recent appointment to the cabinet, may I ask whether the Prime Minister has yet told him the score in that regard, whether he would let us all know.

Some hon. Members: Oh, oh.

Mr. Frank Howard (Skeena): I should like to direct a question to the newly appointed Minister without Portfolio.

Mr. Speaker: Order. The hon. member realizes that the question must be within the minister's ministerial responsibilities.

Some hon. Members: Oh, oh.

Mr. Howard: I was just getting to that. I must congratulate Your Honour on your foresight. I was about to ask the hon. gentleman if at some convenient time in the not too distant future he would outline to the house just what his duties are, in order that we may know what questions to direct to him.

Mr. Speaker: Order. That question cannot be directed to the Minister without Portfolio.

Mr. Howard: Then may I direct it to the Prime Minister? He probably knows the answer.

Right Hon. L. B. Pearson (Prime Minister): Yes, I will be very glad to answer that question in due course. Meanwhile I can satisfy the hon. gentleman, I am sure, by stating that the appointment which has been made underlines the unity of the government and of the Liberal party.

Some hon. Members: Hear, hear.

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have a question for the minister of external affairs, in order to start the new year off properly. Last Thursday Radio Barbados carried a report that the Secretary of State for External Affairs had a conference with the Prime Minister of Barbados concerning Viet Nam. Was that the purpose of the minister's holiday visit to the West Indies, and if so what was the result?

Hon. Paul Martin (Secretary of State for External Affairs): The result of my visit was that I was more widely appreciated in Barbados than was my hon. friend who I understand was holidaying in Antigua.

[*Translation*]

TRADE

TEXTILES—EFFECT OF IMPORTS FROM JAPAN

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I wish to put a question to the right hon. Prime Minister.

In view of several lay-offs in the Canadian textile industry and the considerable harm caused by imports, particularly those from Japan, does the government intend to make a special inquiry into the matter and take the necessary steps to obviate the economic difficulties involved?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): This matter is under continuous consideration by the Department of Trade and Commerce. There are also discussions going on at Geneva with regard to international trade matters, discussions which affect our industry. We hope these will be completed shortly with good results for Canada, but until they are completed it would be unwise, I think, to take any specific steps.

NORTHERN AFFAIRS

"GRANDE HERMINE"—PERMANENT BERTH FOR REPLICA

On the orders of the day:

Mr. J. R. Keays (Gaspé): I had a question to direct to the minister responsible for Indian Affairs and Northern Development but in his absence I would direct it to the Prime Minister. It concerns a statement made by the mayor of Montreal at the Richelieu club dinner in Quebec city on December 28 concerning the final berth of the ship *Grande Hermine*. Can the Prime Minister assure us that the government is giving serious consideration to changing its present policy?

Mr. Speaker: Order. We are getting closer to 1968 but the question cannot be asked just yet; not at this time.

Mr. Keays: Mr. Speaker, is the minister aware that the mayors and public bodies of the province of Quebec, representing over 80

per cent of the population, have expressed the wish that the ship be berthed at Gaspé? If so I hope the majority in this case will rule.

Mr. Speaker: Order. I have the impression that this question was asked previously. In any event it should be placed on the order paper.

AGRICULTURE

NOVA SCOTIA—REQUEST FOR FEDERAL ASSISTANCE

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, my question is for the Minister of Agriculture. Has the minister been contacted either by the Nova Scotia Federation of Agriculture or the Nova Scotia government, or both, with regard to recent proposals made by the federation in respect of necessary assistance to that industry in Nova Scotia in an amount in excess of $50 million? If so, what action does the minister anticipate taking in this regard?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, at the present time I have no knowledge of such a communication, but I should be glad to take the question as notice and inform the hon. member.

IMMIGRATION

ADMISSION OF DEPUTY LEADER OF GERMAN NEO-NAZI PARTY

On the orders of the day:

Mr. Milton Klein (Cartier): Mr. Speaker, my question is addressed to the Minister of Manpower and Immigration. Will the government refuse admission to Adolf von Thadden, deputy leader of the neo-nazi National Democratic party of West Germany, in his announced intention to visit Canada, on the same grounds that his American counterpart Rockwell is excluded from Canada?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I read about this in the newspaper. I am making extensive inquiries concerning Mr. Adolf von Thadden and I hope that later on I can make a statement in the house concerning this matter.

TRANSPORT

ST. LAWRENCE SEAWAY—CONSIDERATION OF INCREASED TOLLS

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, my question is for the Minister of Transport. It has to do with the matter of the seaway tolls, in respect of which the minister has just tabled some documents. Can the minister advise us what consideration the government is giving to the general matter of seaway tolls?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I thank the hon. gentleman for making sure that I had not been overlooked today. I was beginning to be worried. The matter is under discussion with the government of the United States. I think it would be premature for me to say anything in the house.

Mr. Bell (Saint John-Albert): I have a supplementary question, Mr. Speaker. I should like to assure the minister that in the next few days he very definitely will become aware that he has not been overlooked in respect of the transport legislation.

Mr. Speaker: Is the hon. member going to ask a question?

Mr. Bell (Saint John-Albert): I should like to ask the minister whether he will give an early report on this matter, in view of the fact that many shippers in an important segment of our economy depend on this knowledge in respect of their activities for the season and the months ahead.

Mr. Pickersgill: I agree with the hon. gentleman.

SHIPPING

GREAT LAKES—EXTENSION OF TRUSTEESHIP OVER MANAGEMENT

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I had a question which I wished to ask the Minister of Labour. In his absence possibly I might direct the question to his parliamentary secretary. What is the situation concerning the extension of the public trusteeship of the great lakes maritime management as has been done, I understand, in respect of the unions?

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): Mr. Speaker, I am sure that on his return the minister will wish to comment on this.

SIR JOHN A. MACDONALD

INQUIRY AS TO PLANS FOR HONOURING BIRTHDAY

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I have a question for the Prime

Minister. Can he advise whether the government has any plans for honouring the birthday of our country's first prime minister beyond the tepid and inadequate measure of recognition outlined in the press release issued from his office on January 5 last?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not agree that the plans which were announced during the recess are inadequate in the circumstances. On Wednesday, which is Sir John's birthday anniversary, I think it would be appropriate to table the proclamation and make it possible for representatives of all parties to pay tribute in this house to Sir John.

Mr. David MacDonald (Prince): Mr. Speaker, in view of the Prime Minister's statement of a few days ago to the effect that this would be a matter for decision by parliament, has the Prime Minister or any member of his government given consideration to some action which would ensure future commemoration of the first prime minister of our country?

Mr. Pearson: Yes; consideration has been given to that and will continue to be given to it as well as to certain other factors dealing with the commemoration of other important events in our history, including the commemoration of the Canadian flag.

GRAIN

WHEAT—INQUIRY AS TO FINAL PAYMENT

On the orders of the day:

Mr. Lawrence Watson (Assiniboia): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce in his capacity as the minister responsible for the Canadian Wheat Board. I wonder whether he could inform the house when the Canadian Wheat Board will be mailing the final payments to the farmers of western Canada, and whether the amount paid will be 55 cents per bushel as reported in the newspapers.

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, the accounts of the Canadian Wheat Board for the last crop year are being cleaned up now. I hope that later this week or early next week I will be in a position to announce the date of the final payment and the amount.

Inquiries of the Ministry

WOMEN

STUDY OF STATUS BY ROYAL COMMISSION

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, my question is addressed to the Prime Minister. In view of the statements made over the week end by the Secretary of State I should like to ask him whether it is his intention now to set up a royal commission to inquire into the pressing matter of the rights of women. Does he agree with the Secretary of State in her statement to the effect that members of the cabinet are males, and when you have harpies harping at them they will get their backs up?

Mr. Speaker: The hon. member for Winnipeg North Centre.

CANADIAN CONSTITUTION

POSSIBLE RETURN TO CANADA WITHOUT AMENDING FORMULA

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, now that we are in our centennial year may I ask the Prime Minister a question regarding our constitution. If it is not possible to reach agreement on an amending formula before July 1, is the government considering taking steps to bring the constitutions to Canada as it is?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to give consideration to that very important question, but my first reaction is that it would be unnecessary now to dissociate this particular constitutional problem from the major problem of bringing our constitution in line with the realities or the necessities of our time. That will take time and will require a great deal of preparatory work. That preparatory work is going on in our provincial governments and also in the federal government. In due course there should be consideration of that matter by this parliament. I think, however, that the whole subject matter should be considered together.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, does the Prime Minister not agree that our centennial year would be a most appropriate time to convene a national conference on the constitution? Canadians are desirous of doing whatever they can this year to ensure the strength of this nation for the next hundred years.

Mr. Pearson: Mr. Speaker, it would be a wonderful idea, if we had a reasonable chance

of reaching agreement at that conference. It would be a deplorable idea if such a conference concluded in division rather than in unity.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I have a supplementary question relating to the matter being discussed. Has the Prime Minister given any further thought to the suggestion of the hon. member for Greenwood that a parliamentary committee be set up to study this whole matter rather than waiting until some amending procedure is worked out between the federal and provincial governments, at which time parliament would be presented with a *fait accompli*?

Mr. Pearson: I agree that consideration should be given to this matter by parliament, in the first instance through a parliamentary committee, and I am aware of the proposal of the hon. member for Greenwood and the interest he and others have shown in this regard. It seems to me that before such a committee is set up the government should formulate its own views and make them available to that committee.

Mr. Diefenbaker: Has the government not got any views?

Mr. Pearson: Yes, lots of them.

BILL OF RIGHTS

RESUMPTION OF PRINTING OF ENGLISH VERSION

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the Prime Minister. In view of the continuing heavy demand for copies of the Canadian Bill of Rights in English, will the Prime Minister look into the matter of having the printing of this document resumed as a centennial project for the printing bureau?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. That matter is now under consideration, and if the Secretary of State were here she might be able to make a report in this regard. I will bring it to her attention.

EXTERNAL AFFAIRS

VIET NAM—REQUESTS FOR AID TO WAR VICTIMS

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I have a question for the Secretary of State for External Affairs regarding aid for civilian war victims in Viet Nam. Has the department received any request from the Canadian Society of Friends or that particular group of young people who held a vigil here in Ottawa between Christmas and New Years for further financial assistance to aid war victims in both South and North Viet Nam?

Hon. Paul Martin (Secretary of State for External Affairs): I am not aware of any such request, Mr. Speaker.

Mr. David MacDonald (Prince): Mr. Speaker, I have a supplementary question for the Secretary of State for External Affairs. My question arises out of a long editorial which appeared in the Montreal *Gazette* on Saturday headed "How Canada Messed Up a Chance to help Viet Nam's victims". In light of Dr. Gustave Gingras' recommendations I wonder whether the Secretary of State for External Affairs is now giving consideration to the establishment of a rehabilitation centre for the children of South Viet Nam.

Mr. Martin (Essex East): Mr. Speaker, my attention has been directed to the article which appeared in the Montreal *Gazette*, and I may say that in part it is inaccurate. Dr. Gingras was sent to Viet Nam about a year ago for the purpose of ascertaining whether it would be possible for Canada to provide a rehabilitation centre for the civilian population of South Viet Nam. Unfortunately in spite of his efforts it was not possible to reach an agreement with the government of South Viet Nam which would make it possible to establish this rehabilitation project. I had hoped at the time it would have been conducted under the direction of Dr. Gingras, who is the outstanding authority on this subject in this country.

Mr. MacDonald (Prince): I have a further supplementary question. In light of the rapidly changing developments in that country is reconsideration being given to the proposal of Dr. Gingras?

Mr. Martin (Essex East): There is no question of reconsideration being given. The government continues to be ready to participate in and provide for such a project, but it depends on acceptance by the government of South Viet Nam, and that has not as yet been forthcoming.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question. Is the government of South Viet Nam withholding approval in respect of Dr. Gingras' proposal

because of an insistance that the doctors and members of the staff come under military medical personnel?

Mr. Martin (Essex East): No, Mr. Speaker. The government of South Viet Nam was not reluctant to agree to this project but it felt it did not have the necessary facilities available to operate the project Dr. Gingras had in mind, which the Canadian government was prepared to provide.

AGRICULTURE

INQUIRY AS TO POSITION HELD BY DR. S. C. BARRY

On the orders of the day:

Hon. D. S. Harkness (Calgary North): I have a question for the Minister of Agriculture. Is Dr. S. C. Barry still the deputy minister of agriculture and, if not, when did he cease to occupy that position?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, Dr. Barry is now the chairman of the new dairy commission.

Mr. Harkness: Mr. Speaker, the minister did not indicate when he ceased to be the deputy minister.

Mr. Speaker: Order, please. I doubt whether this type of question should be asked on orders of the day.

[*Translation*]

HISTORIC SITES

REQUEST FOR RESTORATION OF MANOIR SIR ÉTIENNE TACHÉ

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should like to put a question to the hon. member for Parkdale (Mr. Haidasz) who will answer on behalf of the Minister of Indian Affairs and Northern Development. If the quesiton is not considered urgent, I shall raise it at ten o'clock.

Does the government intend to comply with the request of the Junior Board of Trade of Montmagny to restore the manor of Sir Étienne Pascal Taché in commemoration of one of the Fathers of Confederation who happens to be my ancestor?

Mr. Speaker: The question is quite urgent, but I would not want to deprive the hon. member of the pleasure of raising it at ten o'clock this evening.

[*English*]

AIR CANADA

REPORTED VARIATION IN TREATMENT OF EMPLOYEES DURING STRIKE

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): I have a question for the Minister of Transport. Has he looked into allegations of the Canadian Air Lines Employees Association to the effect that during the recent strike against Air Canada, non-striking union personnel only were laid off and that the annual vacation period granted to the striking international association of machinists was extended only to the non organized personnel and not to members of the C.A.L.E.A.?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, these allegations were brought to my attention and I in turn brought them to the attention of Air Canada. I understand they are not correct.

[*Later:*]

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wish to direct a supplementary question to the Minister of Transport regarding the question asked by the hon. member for Esquimalt-Saanich. Could the minister make available to hon. members, either by a statement in the house or by making them public, the reasons Air Canada gave to the minister in which they claimed that the allegations by the union were unwarranted and inaccurate?

Mr. Pickersgill: Mr. Speaker, I will give very careful consideration to the tabling of the relevant correspondence.

POLLUTION

ALLEGED LACK OF ACTION BY FEDERAL AUTHORITIES

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. In view of the fact that no federal action has been indicated in the anti-pollution field, has the government decided to leave this field to the provinces?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): No, Mr. Speaker. We will operate in this field so far as we are entitled by the constitution to do so. I am pleased to report that the guide lines reached at the November conference have now been

collected and analysed. A meeting of the Canadian council of resource ministers' co-ordinators will take place on January 16, to be followed in due course by a meeting of the ministers themselves.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, perhaps I may be allowed to direct a supplementary question to the Prime Minister. In view of the mounting concern regarding pollution in North America, and in view of the fact that so many departments of government are involved, will the Prime Minister consider appointing a top level committee of the cabinet representing all the departments that are concerned so that an all-out attack can be made on this problem of pollution before it is too late?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we have an interdepartmental committee of the government working on this particular problem as well as a committee of the cabinet.

VETERANS AFFAIRS

INQUIRY AS TO REPORT ON PENSION COMMISSION

On the orders of the day:

Mr. J. N. Ormiston (Melville): Mr. Speaker, I should like to direct a question to the Minister of Veterans Affairs and ask him whether he has anything to report in respect of the Wood commission study?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, the most recent information I have in this regard is that it is hoped the report will be available later this month or early next month. It has been completed and is now being printed.

NATIONAL ANTHEM

COMMITTEE TO CONSIDER AUTHORIZATION OF "O CANADA"

On the orders of the day:

Mr. Robert Stanbury (York-Scarborough): Mr. Speaker, just before the Christmas adjournment I asked the Prime Minister when we might have the opportunity to adopt "O Canada" as our national anthem. In his reply the Prime Minister expressed the hope that this matter would be referred to a committee, and this would appear on the order paper when we reconvened. The Prime Minister's hope does not seem to have been fulfilled, and I am wondering whether he can indicate when we may expect such a resolution to appear.

[Mr. Pepin.]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the resolution will be presented today. It will appear on the order paper tomorrow. The committee will be set up in a few days.

[*Later:*]

Hon. E. D. Fulton (Kamloops): Mr. Speaker, with reference to the question directed to the Prime Minister, may I ask the right hon. gentleman whether he is not aware that he has now on the order paper a resolution dealing with this subject matter, and whether he intends to introduce another resolution? If so, what is the purpose of that?

Mr. Pearson: The next resolution, Mr. Speaker, will be one setting up the committee to deal with this matter.

BANKRUPTCY

PRUDENTIAL FINANCE CORPORATION— REQUEST FOR JOINT INQUIRY

On the orders of the day:

Mr. John Gilbert (Broadview): Mr. Speaker, my question is directed to the Minister of Finance, but in his absence perhaps I should direct it to the Prime Minister.

In view of the fact that since this house recessed the Attorney General of Ontario has made a statement suggesting that the disaster of the Prudential Finance Corporation and other associated companies was in some measure the responsibility of the federal government, and the Minister of Finance has said the opposite, has or will the government propose to the government of Ontario the establishment of a joint judicial inquiry to inquire fully into this matter as it effects both jurisdictions in order that similar disasters may be prevented in future?

Right Hon. L. B. Pearson (Prime Minister): I doubt whether a joint judicial inquiry would be the best way of proceeding in this matter.

[*Later:*]

Mr. David Lewis (York South): Mr. Speaker, a few minutes ago in answer to the question asked by the hon. member for Broadview with regard to Prudential the Prime Minister indicated that he did not think a joint judicial inquiry would be of value. If that is the case, is the government considering some kind of inquiry set up by the federal government alone in order to make sure of the reasons not only Prudential but North American General Insurance Company got into the position in which they did get?

Mr. Pearson: Mr. Speaker, the responsibilities of the two levels of government are very different in this matter. It seems to me that any inquiry that should be made by the federal government should be made into its responsibilities. I will be glad to discuss this matter with the Minister of Finance.

SHIPPING

ST. LAWRENCE SEAWAY—REQUEST FOR STATEMENT ON ACCIDENTS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, before the recess I posed two questions to the Minister of Transport about shipping accidents, one involving the ship *Ontario Power* and the other relating to the capsizing of the *John Cabot.* Can the minister provide the house with any information about those two matters?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I have to say that I have been slightly negligent. Although I have the information, I do not have it at hand. I will be glad to give it tomorrow.

INQUIRY FOR RETURNS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, in the absence of the Secretary of State I wonder whether I might pose a question to her parliamentary secretary or to the acting minister. It was 11 months ago today that this house passed three motions in my name for the production of papers. I wonder whether those papers might be tabled before the first anniversary arrives?

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Wednesday, December 21, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: When the committee rose on Wednesday, December 21, 1966, clause 1 of the bill was under discussion.

Transportation

On clause 1—*National transportation policy.*

Mr. Coates: Mr. Chairman, no piece of legislation that will be before the house this year will be of greater importance to the future development of the Atlantic provinces than this bill. I feel certain that the Minister of Transport is well aware of the fears and apprehensions of the people of that area in so far as transportation policy is concerned. We have found in the past 100 years that in so far as transportation policy is concerned everything has been a gamble in the hope of improved conditions in our area in respect of development, a gamble that has almost constantly and continuously proven to be a poor one as far as we have been concerned.

In recent weeks we have seen a certain attitude developing in the province of Quebec with regard to the celebration or lack of celebration of our centennial year in that province. All I can say is that if there is an area of Canada that has less reason to celebrate confederation than the maritime provinces I would like to know what area it is, but certainly it is not the province of Quebec. Our area of Canada has contributed the most and received the least for its contribution in becoming a part of confederation. While we have made this contribution and recognize this fact, we still believe that the move we made in 1867 was the right one. We face our problems, we try to do something about them, and we like to join with Canadians in all parts of this nation in celebrating a wonderful year, one which we hope will lead to 100 years of prosperity for all parts of Canada.

As has been enunciated by the hon. members for Halifax and the hon. member for Saint John-Albert, for those in our port cities there has been a very substantial deterioration each and every year in the degree of business available to those ports because of policies which have been adopted by the Department of Transport and are continuously being implemented with regard to opening up shipping lanes in the province of Quebec and especially to the port of Montreal. I read over the week end an article which appeared in the Montreal *Star* of January 7. The statistics quoted in that article indicate to a significant degree the reason for the concern expressed by the hon. member for Saint John-Albert and the hon. members for Halifax, and the extent of the deterioration in our port business.

In December the Minister of Transport was in our area of Nova Scotia and also in New Brunswick, attending port dinners. In effect he

told the people in the audiences at those dinners that he was not going to do anything about what was happening in so far as shipping on the St. Lawrence river was concerned and the ice-breaking facilities of his department. As usual, lack of action by the government will cause the economy of the maritime provinces to lag.

• (3:50 p.m.)

I think it is worth while putting the statistics on the record. They refer to ship arrivals at Montreal between January 1 and March 31. In 1960 five ocean-going vessels and two coastal traders tied up at Montreal, or a total of seven ships. The foreign tonnage represented was 14,971 and the domestic tonnage was 2,398. Let us compare these figures with the year 1966. During the six years between 1960 and 1966 the number of ocean-going vessels which tied up in Montreal increased from five to 56, the number of coastal vessels increased from two to 63, and the total increased from seven to 119. The tonnage carried by foreign vessels increased from 14,971 to 214,352, an increase of about 200,000 tons. Domestic tonnage increased from 2,398 to 289,942, or 287,600 tons more than in 1960. If the government does not act there will be no more business at the ports of Halifax and Saint John in the wintertime than in the summertime, and if this situation continues the economy of the Atlantic provinces, especially the provinces of Nova Scotia and New Brunswick, will greatly deteriorate.

Last night on the television news photographs were shown indicating the greatly decreased shipping at the port of Halifax. Indeed it is shocking to discover the small amount of business at that port at the present time and the great unemployment among stevedores who have to depend on winter employment for their yearly earnings. If the Minister of Transport has his way, this situation will be allowed to continue. We are dealing with a national transportation policy. If this is to be part of that policy, then God help the maritime provinces because the government will do nothing to help them and the Lord is the only one from whom hope may come. We must pray a great deal if we ever hope to get anything because it is quite evident that we will get nothing from the government.

If we were the kind of people who did not believe in contracts that we had signed, once again black bands would be worn in Nova Scotia as they were in 1867 when that province became part of this nation. These are dark days for the people of the maritime provinces so far as the transportation policy is concerned and in many other fields, as is indicated by the substantial lay-offs which have been taking place in many of our industries.

Not all our problems concern coal. We have problems with steel and problems in just trying to survive. The policies which the government has been putting forward every day do not spell progress for us. Surely we should be able to expect something more from the Minister of Transport who represents a constituency in the Atlantic provinces. He has seen the statistics on the tonnage which our ports are losing. We are told by him that we can expect nothing more than we have received up to date. He sits on his hands and lets the business which for years we expected to come to us go to the province of Quebec, an area which does not wish to take any part in the centennial program because its people are not happy with what they are getting at present. If they are not happy with what they are getting now, let us realize how much sadder we in Nova Scotia should be when every day that this government is in office we get less and less.

This is not the kind of policy which we were led to believe would be established when this government came to office. In 1965 we indicated through the ballot box that we had no trust in this government and that we did not believe the stories they told us in 1963. If there are many more statistics like those indicating the increase in shipping at the port of Montreal and the decrease at the ports of Halifax and Saint John at the present time, we will not believe the government at the time of another general election whenever it may be called. Furthermore, we will not be happy with the kind of policies about which the Minister of Transport tells us even though he knows that by doing nothing he is doing damage and is shattering our hopes for improvement.

I certainly look forward to hearing from the hon. member for Antigonish-Guysborough because from statements he has made both in the house and outside I gather that he does not agree with the kind of transportation policy which would take business away from us every day of the year. He believes in a transportation policy which will give us some hope of economic improvement. I believe this is a most important aspect of our future in so far as transportation is concerned.

I should like to hear from the Minister of Transport on the proposal put forward by the Leader of the Opposition concerning the

building of a new railway link between Quebec and the Atlantic provinces which would go through the centre of New Brunswick and eliminate a great deal of mileage. It would get our goods to market cheaper and faster than is possible today. I should also like to hear from the Minister of Transport on the corridor road. Here is a means of providing a link which will get our goods to market.

Mr. Pickersgill: May I ask the hon. gentleman a question? When he referred to the corridor road did he mean the highway which is being advocated by the Fredericton *Gleaner* or did he mean the railway which is being advocated by his leader?

• (4:00 p.m.)

Mr. Coates: If the hon. gentleman would sit in his seat and listen he would discover that I was speaking about the railway and now I am speaking about the highway. I do not know what the situation is in Newfoundland but I always thought that the minister was a great advocate of both railways and highways in that province. I do not see why we in the Atlantic provinces should have to expect only one or the other. Why can we not be considered to be just as good Canadians as the people in other parts of Canada and have both? What is there about the maritime provinces that puts them in a position where the people have to accept one or the other when the people in other parts of Canada can have both? This is the kind of philosophy that we find coming from the Minister of Transport and his colleagues. It is about time the government woke up to the fact that the maritimes are a part of Canada and deserve just as much as any other part of Canada.

I have nothing to say about the fact that the government has retarded the building of the Prince Edward Island causeway. I understand the project is going forward now, but it has been a long time in coming. We have learned that we have to take things whenever we get them. We may get them five years after everybody else, but we have been told to take them and like them or we may not get them at all.

I say to the Minister of Transport that we should be moving forward faster with these things than we are at the present time because there is a greater indication of recession in the Atlantic provinces than anywhere else in Canada. If the minister does not believe that statement let him go to my constituency. There are lay-offs taking place now such as we have not seen for quite a number of years. He will see the same situation in Cape Breton island. Let him go to Halifax or Saint John, and he will see these things there.

There is one thing for which the government should be complimented and that is the substantial contracts awarded to the shipyards in Saint John. These contracts will be of material benefit to the economy of that area. However, there is not much sense in giving the area one thing and taking away something else. This is what is being done by the icebreaking on the St. Lawrence River. It is taking jobs away from people in the maritimes to a degree that I do not believe most people appreciate, but they will if they read the article that appeared in Saturday's Montreal *Star*. Anyone reading that article will discover that the philosophy of the province of Quebec is not to get less shipping at the port of Montreal but more. They cannot get very much more because we have not very much left in the maritimes. The maritimes will soon be forced to close down their ports.

I should like to know what program is going to be initiated to provide employment for those who lose their jobs as a result of the icebreaking services provided by the Department of Transport on the St. Lawrence River. It is pretty bad when government policy destroys the economy of two regions of the Atlantic provinces by means of these icebreaking services as effectively as it is being done today.

In view of the fact that a few moments ago the Minister of Transport mentioned the proposal of the Leader of the Opposition for a rail line which would cut through the centre of the province of New Brunswick, I should like to ask him for his ideas in connection with that proposal. What is the government's attitude toward it? It is a proposal that could mean much to the development of the economy of the Atlantic provinces. Surely the minister must realize, since he is so closely associated with the Atlantic Development Board, that if we are to industrialize our region to the extent we want to, if we are to find the kinds of jobs for the people in Cape Breton that we must find, then we must have transport. When I refer to Cape Breton I want to include the area of Inverness-Richmond because there is no area in which there is more poverty than in the constituency represented by the Minister of National Health and Welfare. If we are going to revitalize this area, I should like to know of a better way of doing it than by providing less expensive transport leading to the centres of population in this nation. If we are going to agree to a

national transport policy, certainly we have a right to know just how much is going to be available to us by way of assets to offset the liability incurred by the minister's policy of allowing more and more of our port business to be transferred to the port of Montreal.

There are other important matters to be considered. The hon. member for Queens-Lunenburg and the hon. member for Shelburne-Yarmouth-Clare have asked innumerable questions of the Minister of Transport about a second ferry link to the New England states. It is just like asking a question of a mute because you receive no reply that throws any more light on the subject than if you had said nothing in the first place. The only thing that is obvious to the people of the maritimes is that they have members in Ottawa representing them who are interested in their problems, but they do not have a government in Ottawa interested in their problems or willing to take the kind of action that has to be taken if that area is not only to survive but to go forward.

Mr. Stewart: I wonder, Mr. Chairman, whether the hon. member would permit me to ask him a question? I should like him to let the committee know if the government of Nova Scotia has yet given any indication as to which Nova Scotia port it favours as the Nova Scotia end of this proposed ferry link?

Mr. Coates: I do not happen to be privy to information from the government of Nova Scotia on that subject. Perhaps the Minister of Transport would be in a better position than I am to indicate what the Nova Scotia government has proposed to him. The questions that have been asked from this side of the house have elicited no information from the Minister of Transport except the explanation that the proposal is receiving serious consideration. This is a very nice answer, and I hope that in the near future the minister will be able to tell us the result of that serious consideration.

Mr. Stewart: Would the hon. member agree that discussion of this proposal would likely be advanced if the government of Nova Scotia would make public its views on this question?

Mr. Coates: I do not see how a public declaration by the government of Nova Scotia would be of material assistance. I was always under the impression that each province had to be careful about this co-operative federalism, as it is called, and that there must be consultation with all parties to ensure that everybody is in agreement.

[Mr. Coates.]

Mr. Stewart: Would the hon. gentleman not agree that the government of Nova Scotia has already shown that it accepts the primary responsibility for such a second service by commissioning the Margison report on terminal locations for a second Nova Scotia-New England ferry service?

Mr. Coates: I think the government of Nova Scotia always accepts its responsibility and has indicated this in many ways. I am sure that if the federal government would assume the same degree of responsibility that the government of Nova Scotia has with regard to the second ferry link, we could expect one in the very near future. I am not as convinced that the federal government is as willing to assume its obligation as I am that the government of Nova Scotia is.

There is one other area in which I feel we could do more than we are and where I think the federal government could be of material assistance.

• (4:10 p.m.)

I am referring to tourist roads and the kind of assistance that was made available under the roads to resources program. I have in mind the Fundy vacation trail, and I am sure there are other roads in the maritime provinces of a similar nature. There is one in Cape Breton about which there has been a great deal of talk. If a special program were put forward to provide tourist roads to what we feel is a potentially great resource, I think there would be material benefit not only to the people who live there but to the many visitors we optimistically hope to attract to our area each and every year. Our tourist potential has only been tapped slightly.

Mr. Stewart: Would the hon. member permit me another question at this time? I am sorry to interrupt him. Does he realize that in the year 1966 there were 89 federally-assisted highway projects under way in the province of Nova Scotia?

Mr. Coates: The hon. member is, of course, a much better statistician than I am, and as parliamentary secretary to the Minister of Public Works he is in a much better position to secure that kind of information than I. What the hon. member says may be true. All I am saying is that the roads to resources program was dropped by this government. As far as the Atlantic provinces were concerned, as far as the maritime provinces were concerned, it was a very good program. That is the kind of program I should like to see. I do not care what you call it or how it is applied, whether

nationally or specifically in the Atlantic provnces, but I should like to see a similar program put forward. This would enable proposed projects such as the Fundy vacation trail to qualify for a special type of assistance.

The people in the maritimes do not feel that the program being proposed is going to take anything away from an existing program to which the provincial government involved has already committed X number of dollars. If we could revive or reintroduce in the Atlantic provinces, a program similar to the roads to resources program, so far as the tourist trade is concerned I think we would be taking a step that would have a substantially beneficial effect from an economic point of view and would materially assist the economy of this particular area of Canada.

After all, Mr. Chairman, this is what we want from a national transportation policy. It is all very nice to talk of a second trans-Canada highway and things of that nature, but so far as the Atlantic provinces are concerned what we would like are more tourist roads.

Mr. Stewart: Would the hon. member permit me to pose another question?

The Chairman: Order. I would point out to the hon. member for Cumberland that the time allotted to him has expired.

Mr. Stewart: Then I will forgo my question, Mr. Chairman.

Mr. Danforth: Mr. Chairman, I do not think there is any question in the mind of any member sitting in this chamber as to the great consequences this bill will have on the entire transportation system of Canada. On reading the bill there can also be no question in anyone's mind as to its complexities. No one quarelled with the objective that the government had in mind in introducing this bill, that of trying to evolve a transportation system to serve Canada as a whole. I do not think anybody took serious issue with the government over an honest attempt to put the railways in the position where they were self-sustaining rather than financed by government subsidies to such a large extent.

I was impressed with the presentation of the minister on television when he was questioned on this subject. He stated that the taxpayers would be duly concerned about any increase in subsidy above $100 million, and I think he is correct in making that assumption.

My reason for rising today, Mr. Chairman, has to do with the fact that during this entire debate and in the many debates which have preceded it on the subject of transportation constant reference has been made to the vast distances between the eastern and western regions of Canada. We are told about the vast distances covered, the services rendered and the costs involved in covering these vast distances.

The arguments in this connection are very valid indeed, but what we tend to forget are the complexities and problems which arise as a result of similar vast distances between the northern and southern areas of Canada. I think, for example, of the distance between Windsor in Ontario and the port of Churchill in northern Manitoba. The problems relating to the port of Churchill and to the northern areas of Ontario and Manitoba will be dealt with in detail by other hon. members but I wish to take a few moments, if I may, to talk about the particular problems with which we in southern Ontario are faced as a result of our geographic location.

If you were to refer to a map of Canada, Mr. Chairman, I am sure you would realize what a problem we have owing to the fact that we are located so far to the south. As a matter of fact, I believe southern Ontario is almost on the same latitude as the city of New York. As a result of this geographic location the people of southerstern Ontario engaged in industry and in business as well as in various aspects of transportation have for many years felt that they have been working under a tremendous handicap as a result of the regulations previously laid down to govern transportation, especially railway transportation. I am sure the minister is aware of this.

Recently a presentation was made to the transportation committee by the Windsor Chamber of Commerce which, may I point out, spoke with the complete support of the various chambers of commerce and municipalities in that area. When the presentation was made to the transportation committee in connection with this particular problem, I am certain I am being fair when I say that the minister expressed sympathy with their view and also expressed the hope that when this bill in its amended form was once more presented to the house certain areas would be granted the relief which they sought.

In talking with the various interests concerned with transportation there appears to be a general feeling that the amendments which have been made in the revised version of the bill will not provide an avenue for

granting the relief which was so earnestly sought. There is no doubt that the people of southwestern Ontario will find it increasingly hard to compete with other areas of Canada if the present system of railway rate allocation is incorporated in this revised bill.

• (4:20 p.m.)

You will recall, Mr. Chairman,—it has been pointed out by many briefs from that area and also in this house by myself and other members—that because of our geographic location we are subjected to one type of railway charge in moving goods eastward and to another type in moving goods westward. This means that in moving goods from Windsor to the harbour of Halifax the rate on first-class goods on a pound per mile basis is roughly twice as great as the rate from Montreal to Halifax. This appears to be fair and justifiable because the distance from Windsor to Halifax is almost twice as great as from Montreal to Halifax. But when we move goods west we find that this is not the system followed. When goods are moved, for example, from Windsor to Winnipeg, though Windsor is 600 miles closer to Winnipeg than is Montreal the rate from Windsor is almost identical with the rate from Montreal. We maintain that this does not appear to be fair. Because of our location, when we wish to move goods westward we are charged on the basis that all goods moving out of our area have to move east, almost to Toronto, before they can move west. Therefore we are subjected to a double rate.

That this sort of thing will have a tremendous impact on our area, if incorporated in the new bill, is borne out by the fact that when the area in question in southwestern Ontario was made a designated area with special tax concessions, over the period of the next two or three ensuing years there was a tremendous influx of almost every type of industry. The industries ranged from the very large to very small subcontractors. This influx had the effect of bringing a vitality to the area which had been sadly lacking for some time.

Those who have studied this subject are convinced that if we are subjected to an excessive charge in moving our goods westward the effect will be to slow down the influx of new industry, to curtail the expansion of industries already in the area, and generally to apply the brakes to growth. As a matter of fact this has already started. Some industries have thought that under this bill the relief that is necessary will perhaps not be obtained.

It is true that large industries, because of their political power and because of the tremendous tonnage they move, are able to negotiate special rates with the railways. One would expect this to be so. Perhaps in the new bill as envisaged by the minister more scope will be given for this type of negotiation. A tremendous number of small industries will not derive benefit from this type of negotiation, first, because the volume of goods they ship does not merit such negotiation and, second, because they have not the necessary pressure to enforce their wishes in negotiating with a body as large as a railway company. It is true that small industries will not be able to negotiate in this way but the aggregate tonnage of the production they ship is tremendous. Were such industries to act as one body they could perhaps obtain the rates now enjoyed by some of the major industries.

The minister has said that under the terms of this bill special consideration will be given to captive markets. I know the minister will dispute with me, perhaps with justification, any allegation that the area I represent in southwestern Ontario is a captive market. He will say, I am sure, that not only have we access to two railways, to four if you count United States lines, but that we have access to trucking and water transportation companies. If this were the entire story the minister would be absolutely correct in his assertion. But from the point of view of businessmen I am sure the minister will agree with me that we have a tremendous volume of goods to ship and there is a tremendous amount of money involved in freight charges. In that way we are indeed a captive market. That is so because the rates that the trucking and water transportation companies fix follow very closely, up or down, any revision in the railway rates. The minister is as well aware as I am that if there is a tremendous increase in railway rates there will be a corresponding increase in trucking and shipping rates in our area. Because of such actions on the part of the companies engaged in various methods of transportation I feel that special consideration should be given to our particular problems.

In regard to our particular area there is another factor which ought to be considered. I have spoken of the influx of industry which took place because the area was designated and thus enjoyed tax incentives. Though large corporations can obtain special rates, new industries in looking to this particular area as one in which to locate logically in order to take advantage of power and other facilities will be discouraged because they will

not have available to them the special rates negotiated by large industries. New industries will have to rely on economic evaluations and on the rates published by the railway, trucking and water transportation companies.

We are finding that industries in the main feel that the area between Toronto and Montreal, because of the lower rates to the east and west, particularly to the west, offers a more attractive location than our area. We believe that something ought to be done at this time. We are aware that the transportation bill, because of its many complexities and because of the tremendous amount of preparation that went into it, will, when passed by parliament, remain in effect for some time to come. We plead with the minister to consider especially our geographic location and to take into account what we have recommended.

• (4:30 p.m.)

From long experience we have learned that whenever a new transportation bill comes into effect the processes provided for appeal are long and disappointing, even though in the eyes of the minister, the committee and the house adequate provision for appeal has been made. Even when a favourable recommendation is handed down, as the result of an appeal, the delay which occurs has usually caused irreparable damage. We believe that now is the time for the government to show the special consideration which is needed, not at a later date, and for this reason I ask the minister whether he can indicate to the satisfaction of those who are vitally interested in this question that the necessary measures to give the relief that is required are in fact contained in this bill. Is there something which we in our perusal of this measure have overlooked, or is our understanding correct? Are we still faced with the grave problem to which I have referred.

There is one other matter to which I would like to refer. It affects the entire area and it concerns the withdrawal of subsidies. "Phasing out" is the term used nowadays, I understand. You will recall, Mr. Chairman, that for some time the producers of feed grain in the area from which I come have asked for the same consideration as is given producers of feed grain in western Canada in moving feed grain to the markets of the east. We should like to know whether the government is contemplating the phasing out of the subsidy paid to the feed grain growers of the west—

Mr. Pickersgill: Perhaps in the most friendly way possible I might suggest to the hon. member that this subject has nothing whatever to do with the present bill. The feed grain subsidies are paid under entirely different legislation introduced by the Minister of Forestry. Nothing in this bill would have any effect on them in one way or another.

Mr. Danforth: I wish to thank the minister, particularly for the last part of his statement in which he told us that nothing in this bill will affect the subsidies which I understand, are now to be handled by a new committee set up under the Feed Grain Assistance Act. This is a matter which we have been considering very seriously. Does this bill supersede legislation administered by other departments? The minister shakes his head.

Mr. Pickersgill: Not unless it repeals it.

Mr. Danforth: I appreciate that. We now have an indication from the minister that other government agencies will continue to be concerned with subsidies affecting the railways. This is bound to add to the complexity of the legislation we are considering. Since the minister has told us that the transportation bill will not affect feed grain subsidies I should like to return for a few moments to the contention I advanced earlier in regard to the special problem of the area I represent. The debate has shown us that the transportation question must, because of the location of the commercial centres of this country, resolve itself into a series of regional considerations. The minister has told us that nothing will be done to interfere with the Crowsnest Pass rates. He also told us, I believe, that a two year trial period in the maritimes will precede any change in freight rate structures there where subsidies are involved. There is a growing fear, particularly in southwestern Ontario, that once subsidies to the railways and the other transportation media are phased out the additional revenue will come mainly from the provinces of Quebec and Ontario and perhaps to some degree from British Columbia.

These subsidies now amount to some $100 million and could increase to $130 million as higher wages are paid to transportation employees. The government has put forward the view that automation and increased efficiency can go a long way toward reducing the need for subsidies. Despite this, we all know that additional revenue will have to be found by the transportation media and that it will be achieved as a result of increases in freight

rates. As I say, there is the greatest fear in my area that since fabourable rates are to be retained in the west and in the maritimes—and I have no quarrel whatsoever with those special rates—the additional revenue will come mainly from the provinces of Quebec, Ontario and British Columbia.

I believe we are justified in assuming that there will be increases in freight rates and that they may be increases which will prove to be frightening. Bearing in mind that there is no real competition among the various transportation media, and since we are paying almost double the rate applicable to western shipments we feel the minister should give special consideration to the particular plea we are making at this time by indicating that the government is agreeable to bringing in the amendment necessary to meet our case or, alternatively, by showing without a shadow of doubt that the present bill contains provisions which would enable us to relieve ourselves of the burden which we foresee. Should the minister fail to do this it will be necessary for me, as a member who is honestly presenting the views and interests of industry in southwestern Ontario, to seek desperately during the clause by clause perusal of this measure to persuade the government to accept recommendations designed to achieve the end which we believe is so necessary.

Mr. Baldwin: Mr. Chairman, I offer no apology for intervening a second time in this debate on the clause by clause study. I consider that the debate which took place in the house before the Christmas recess was very useful and I commend the minister for his frank and honest answers. Similarly, I believe that hon. members on this side made useful and constructive suggestions. The interchange has made it easier for us to consider where we are and where we are going.

I may tell the minister at once that I propose to offer an amendment to clause 1, the clause now under study, in the firm belief that this legislation is somehow lacking. There is an element missing here, and it is one which is essential with respect to the legislation offered to this house and to the country as containing the elements of the national transportation policy needed to provide a better and fairer means of carrying goods and people between all parts of Canada.

• (4:40 p.m.)

In offering this amendment to clause 1, which I understand is an indication to the commission to be established of the extent it should take into account a number of factors,

I do so because as I indicated earlier this commission will be venturing into uncharted courses like a spaceman reaching for one of the planets. It will come up against problems which it never has contemplated and which I am sure neither the minister nor those persons who drafted this bill have considered. All one needs to support this is to look at the report of proceedings and evidence of the committee. It is my belief that the element which is mentioned in this bill is one which has been the subject matter of a great number of directions. It has been the basis for inquiries made heretofore over a great number of years. I am speaking of the direction that the board have responsibilitiy for regulating and setting freight rates to provide for as great a measure of equalization as is possible within the very difficult circumstances which we have in this country because of the matters of geography and economies.

I do not care what is done; you cannot escape the fact that there is going to be some inequity and some discrimination. It will be impossible to reach that measure of equalization which we would like to see. Perfection in this aspect of our problems is not at all possible. I readily accede to that. However, under the existing law which we are to replace to some extent there were some attempts to eliminate this inequity and bring about equalization. I am referring to section 336 of the present Railway Act which, of course, will be eliminated by the provision we are now making.

A very brief historial record I think will help to place my views before the committee and indicate the reasons I am moving this amendment. In 1925 order in council P.C. 886 was passed by which the Board of Transport Commissioners was directed by the government to examine the freight rate structure and attempt to bring in harmony and provide for a measure of equity in all parts and regions of Canada. Later, in 1948, by order in council P.C. 1487, there was a further direction by the then government to the Board of Transport Commissioners.

The board of transport commissioners, in taking this responsibility, required a number of years to report. I do not think it was until some time in 1955 that they filed their report. At that time they made a statement which was quite correct. They said that equalization in Canada involved the establishment of a fundamental base and a statistical survey which would take many years of study to complete. The board of transport commissioners proceeded some distance along this

line and was successful in making certain suggestions. However, in the interval between the time the Board of Transport Commissioners was directed to do this and the time when they made their report, the same government established the royal commission which served under the late Mr. Justice Turgeon.

Mr. Pickersgill: He is still very much alive.

Mr. Baldwin: I am sorry. I should have said the former Mr. Justice Turgeon still very much alive as an individual. The recommendations in the report were brought in in 1950. They led to the amendment of the Railway Act in the second session of 1951. The minister may correct me if I am wrong, but I think it was in the second session of 1951 that section 336 of the present Railway Act was brought forth as being the answer in part to the suggestions and recommendations of Mr. Justice Turgeon and his commission.

Then we had the royal commission which was set up in 1959 by the Conservative government under the leadership of the right hon. Leader of the Opposition. One of the terms of reference to the royal commission was that it report upon the inequities in the freight rate structure in Canada and so on. What I am pointing out is that if you examine one by one the various directions—these terms of reference—to the royal commissions and the directions to the Board of Transport Commissioners, you will see that there is a similar vein running through them in the form of a direction to them to examine the very serious problem regarding the inequities and the necessity of equalizing freight rates throughout Canada so far as possible in order to bring into closer alignment the disparities which have been created because of our geography.

Transportation policy, monetary policy and fiscal policy are the three weapons by which a government can partially bring together—lower the heights by raising the valleys—the different parts of the country. Certainly by no means the least of these is transportation policy. I should now like to repeat what I said when speaking on the resolution stage. I think it is necessary to do so because the commission which is to be established by Bill C-231 is directed in clause 1 in its activities and functions to carry out, under the same arrangements, the same directions, regulations and jurisdictions as the Board of Transport Commissioners now possesses. We are faced with the fact that, like the Board of Transport Commissioners, the commission which is now to be set up will establish its own jurisprudence and will be bound by these decisions.

As I pointed out once before, if you read the report of Mr. Justice Turgeon you will see quite readily that Mr. Justice Turgeon was very much of the opinion that the Board of Transport Commissioners, acting under the powers it then had, fell far short in its jurisdiction or power of trying to bring the equalization principle into effect. At page 23 of the royal commission report Mr. Justice Turgeon also said:

> In the first decision of the board filed in the 30 per cent application on March 30, 1948, the position of the board with respect to its jurisdiction and powers to reduce rates to assist industry or to equalize, through the prescription of reduced rates, production costs, geographical location, or climatic conditions, was dealt with at considerable length.

The board said quite frankly that it did not think it had the power to do so. Again, at page 24—these are excerpts from the report of the royal commission—there is the following:

> Railways are not required by law, and cannot in justice be required, to equalize natural disadvantages such as location, cost of production and the like.

Then, further on:

> The board has many times said that it is not concerned with equalizing costs of production.

And again on this page:

> It has been held time and again that rate-regulating commissions have no right whatever to attempt to equalize geographic, climatic, or economic conditions.

And so on. That is the situation. If this bill passes without any amendment, particularly to the declaration of policy enunciated in clause 1, we will be back in the same position because the present clause 68, which purports to deal with discrimination in rates, just and reasonable rates and so on, takes us right back to where we were prior to 1951 in that it says:

> All tolls shall be just and reasonable and shall always, under substantially similar circumstances and conditions with respect to all traffic of the same description carried over the same route, be charged equally to all persons at the same rate.

• (4:50 p.m.)

Let me point out the significance of that wording. When the Board of Transport Commissioners reported to the Governor in Council following the direction they received in 1948, the terms of which I have mentioned, they pointed out that the wording of the order in council was very much narrower than the wording subsequently included in the new section 336 of the Railway Act. I refer to the

Railway Act as it was before the amendment provided by this bill. It read:

It is hereby declared to be the national freight rates policy that, subject to the exceptions specified in subsection (4), every railway company shall, so far as is reasonably possible, in respect of all freight traffic of the same description, and carried on or upon the like kind of cars or conveyances, passing over all lines or routes of the company in Canada charge tolls to all persons at the same rate, whether by weight, mileage or otherwise.

The board said this is far wider than the wording which now appears as proposed new section 381. This section will no longer be in the act if we pass this bill without change. The Board of Transport Commissioners, with its fund of expert experience and knowledge, said that the wording of section 336 was far wider and broader, giving greater power to the board than the proposed new section 381 in the bill now before us. Keeping that in mind and the needs of the constituency which I represent I must test the government in this regard by proposing an amendment. I wish to make a few more comments but I will read this amendment and send it to the minister so he will have a chance to consider it.

My amendment is as follows:

That clause 1 of Bill C-231 be amended by adding after (c) the following:

Provided however that it is essential to recognize the policy of equalization of freight rates to the fullest possible extent as a means of dealing equitably with all parts of Canada and as being the method best calculated to facilitate the interchange of commodities between the various parts of the country as well as the encouragement of industry and agriculture in all regions and the development of export trade;

That would be added immediately prior to the final paragraph which now follows (c).

Let me read the first eight or nine lines of clause 1 of this bill.

It is hereby declared that an economic and efficient transportation system making the best use of all available modes of transportation at the lowest total cost is essential to protect the interests of the users of transportation and to maintain the economic well-being and growth of Canada—

That is very good and I agree with it so far as it goes, but I am disturbed as to what is meant by the term "Canada" in this sense. I referred to this matter the day we recessed by asking the minister about "public interest" and "national interest". I was in a quandry as to whether the commission which will be charged with the responsibility of interpreting these words will decide that the growth of Canada will occur when there is a substantial advance in the gross national product for the country as a whole. Such an advance indicates growth in Canada but does not necessarily mean growth in all regions of the country.

It is my considered opinion that it is essential during this centennial year to look upon it as a year to initiate policies and programs throughout this country which are designed to bring every part of Canada up to a greater approximation of the economic level those more favoured parts enjoy. By accepting the terms of my amendment we will provide a mandate to the transportation commission, when it considers its functions and responsibilities, to consider the growth of Canada as a whole and as well the growth of various regions of Canada. If that is not done there will be a substantial omission in this bill. There are a number of excellent features of this bill with which I am in complete agreement, but it seems to me that a direction of this kind would be useful.

Before resuming my seat let me remind the minister of what he said in reply to some doubts expressed by Mr. Frawley, counsel for Alberta. I was not present at the time but I have read the transcript. The minister is reported as having said in relation to the doubts expressed by Mr. Frawley, similar to those I have put forward today, that clause 16 would constitute at least a partial answer to his fears. The minister suggested that within the four corners of clause 16 might be found an opportunity to deal with the problems raised. I am wondering whether that is so and, while I recognize this is not the time to deal with clause 16, I must make this observation because it relates to my amendment.

Clause 16, subclause (3) paragraph (a) provides that when the commission gives consideration whether or not a decision has been made which is prejudicial to the public interest it will take certain things into consideration. The paragraph states:

(a) whether the tolls or conditions specified for the carriage of traffic under the rate so established are such as to create an unfair disadvantage—

If it stopped there it would provide a complete answer to the problem I have brought to the attention of the committee, but the paragraph does not stop there. It continues as follows:

—beyond that which may be deemed to be inherent in the location—

And so on. The hon. member for Kent (Ont.) referred to new section 336 as it relates to captive shippers. The question of location is a very vital factor which the commission must consider when deciding whether or not there is a captive shipper. If we remove

the right of the commission to consider the question of location in deciding whether or not in fact there is an unfair disadvantage under section 16 the principle of equalization goes out the window. I mention that to the Minister because my amendment will involve consequential amendments, one of which will be required to remove the word "location" in clause 16. I hope the minister will give some thought in this regard when he is considering my amendment.

My point is a simple one. Does the wording of this bill actually provide equalization or will various areas of this country be limited to that relief we can expect to find in the combination of the new section 336 and clause 16 of this bill?

Mr. Pickersgill: Mr. Chairman, I understand that the hon. gentleman has not yet moved his amendment. I hope I am correct in that regard.

Mr. Baldwin: Mr. Chairman, I hope the amendment has been taken as moved.

Mr. Pickersgill: Are you moving the amendment now?

Mr. Baldwin: Yes.

• (5:00 p.m.)

Mr. Pickersgill: Right now?

Mr. Baldwin: Yes.

The Deputy Chairman: With the permission of the committee I will read the amendment submitted by the hon. member for Peace River. This is the proposed amendment to clause 1 of Bill C-231:

By adding after (c) the following:

Provided however that it is essential to recognize the policy of equalization of freight rates to the fullest possible extent as a means of dealing equitably with all parts of Canada and as being the method best calculated to facilitate the interchange of commodities between the various parts of the country as well as the encouragement of industry and agriculture in all regions and the development of export trade;

Mr. Pickersgill: Mr. Chairman, I do not intend to deal with this matter at any great length because I want to raise some questions in this connection and do not feel that I should right at this moment indicate that something along the lines the hon. gentleman has suggested might not be acceptable. I do not think it would be acceptable in the form in which it is now drafted. Perhaps I should deal first with my fears that if this amendment were incorporated in the bill it would certainly be a declaration that we should no longer have the Crowsnest pass rates, because if you equalize freight rates to the fullest extent possible the discrimination in rates in favour of wheat exports would have to go by the board. I think it would also create great fears in the Atlantic provinces that this was an attack upon the Maritime Freight Rates Act, even though it would not directly repeal that act. It would certainly indicate that parliament felt that this kind of discrimination —because that is precisely what the Maritime Freight Rates Act does; it discriminates in favour of that region to compensate for other disadvantages—should no longer take place.

Therefore, if one considers the phrase "to the fullest possible extent" I think there would be a feeling that a great many embedded discriminations, which I do not think anyone in the house is seriously arguing should be taken away—indeed the hon. member for Kent (Ont.), if I understood him correctly, seemed to suggest that there should be still another special consideration given to a region—would in fact be removed. I am not saying what the legal effect of the amendment would be; I would like to obtain legal advice before saying anything about that. But I think the effect it would tend to have would be that we would get rid of all these historic discriminations—and I use the word "discrimination" in its correct etymological sense—in favour of certain regions, and certain activities would no longer be within the spirit of the new transportation policy. That is something I could not consent to at all. I think it would be contrary to the whole spirit of the bill. I think, however, that objection could probably be overcome by a rewording of the amendment.

The other difficulty that I see at first glance—and I am putting these points forward so that members of the committee may consider them a little before we come to take a decision about the amendment which is now before us—is that it is going to be very difficult to apply such a provision. I recognize that this could only be a declaration of principle which would be applied by the commission when the commission had something before it, but it seems to me it would be very difficult to square this amendment with the view that was taken by the MacPherson commission and accepted by the house on second reading. Most of us seem to accept this view in principle for every industry except the one we are interested in. I refer to the view that there should be the maximum amount of competition.

If anybody disliked the rates set as a result of competition, the presence of a phrase like

this in clause 1 would make it possible for a case to be taken before the board. It could be said that it was not an equitable rate having regard to other rates. In that event I think we would not only be back where we started from but perhaps a few steps behind the point from which we are now starting. I thought there was general acceptance of the view that there should be the maximum amount of competition. I think it would be rather inconsistent with the other three parts of the clause to say that we must have competition but that if anybody dislikes the competition we must look and see whether the rates are all equalized.

I am glad the hon. gentleman referred to clause 16. In that clause we approach the question from the opposite point of view, that is, the point of view of making it clear that there should not be any unfair discrimination. By "unfair" one means something that is not provided in the law, not the Maritime Freight Rates Act, not the Crowsnest pass rates, not any maximum rates established by any formula, not the frozen rates there will be for two years for the Atlantic provinces, but anything where there are like circumstances and unlike treatment is given. It seems to me this is what we really want to achieve. It might very well be that we could meet this problem. and the other legal problem the hon. gentleman raised before Christmas about the wording of clause 16, if we could find some general declaratory words that could be put in clause 1. I am not promising to do that, but I would like to give a little consideration to the possibility of perhaps indicating in clause 1 that this was one of the principles that had to be taken into account. Then it seems to me there could be no doubt that when the commission came to consider clause 16 it would be apparent that this kind of discrimination would be contrary to the public interest.

I would really like to have this matter stood so that I might have a chance to consider it. Perhaps I am wrong again, and after a recent experience I am very hesitant to say anything about what is going to happen in the house or in committee, but I think my hon. friend the house leader was to have discussions with representatives of the other parties with a view to having it agreed that we would not sit between seven o'clock and eight o'clock. If that is a correct understanding of the disposition of the committee, I would like to have the chance to talk at that time with my advisers to see whether we might find some phraseology that would meet what I think the hon. gentleman has in mind. I am quite sure that the hon. member for Saint John-Albert and I would find great difficulty in going along with something that might be construed as calling into question the continued application of the Maritime Freight Rates Act or some similar measure.

[Mr. Pickersgill.]

Mr. Baldwin: Mr. Chairman, could I ask the minister a question? I talked about consequential amendments. I had intended to deal with the very practical problem posed by the minister. I would suggest the insertion of the phrase "notwithstanding any other provision of this act", ahead of these sections at a time when movement of such an amendment would be appropriate. This is a time-honoured way by which governments can forget one part of an act while dealing with another. I did not think this was the appropriate time to this but I understand that the minister has said that there is a real question of policy which needs to be considered and therefore I have no objection.

• (5:10 p.m.)

Mr. Pickersgill: There is no doubt that the hon. gentleman is correct and we can get over the first problem I raised in the manner he has proposed, although I suggest this might be a rather cumbersome way to do it and might still create fears. We heard the hon. member for Cumberland who seemed to have a great many shadows in his mind earlier today. We do not want any more of these fears or shadows which we can avoid.

The second and more fundamental problem can be approached in two ways. The difference between these ways is the same as the one which exists between the Bill of Rights and the ten commandments. The Bill of Rights endeavours to say what it is we have a right to do, while the ten commandments take a more modest approach and lay down specific things which we should not do.

Mr. Baldwin: One is for the government and the other for the opposition.

Mr. Pickersgill: Personally I would prefer a ten commandments approach to this particular problem. Perhaps the hon. gentleman would be willing, instead of formally moving his amendment at this time, to let it lie on the table and have us proceed to the consideration of other aspects of clause 1. This would have another advantage, namely, that of being able to deal with the amendment which either the hon. member for Acadia or I will move, and perhaps we could dispose of it in the interval. I have it all drafted for him. In view of the fact that it appears earlier in the clause, I

should not like to be faced with a technical impediment to proceeding with the consideration of the clause, if that would be agreeable to the hon. member for Peace River and to the committee.

The Deputy Chairman: Is it agreed that the amendment submitted by the hon. member for Peace River be stood?

Mr. Pickersgill: I would suggest that it be considered to be tabled for the moment.

Mr. Baldwin: That it lie dormant.

Some hon. Members: Agreed.

Mr. Bell (Saint John-Albert): May I ask the minister whether, at the same time that he is considering this amendment, he could give some consideration to the amendment proposed by the Maritime Transportation Commission to which I have referred and which has the intent of protecting the national interest? I do not agree with what the minister said about the amendment which has just been tabled or held in abeyance but if at the same time this amendment to subclause (b) could be considered I think it might have a good effect on the maritime provinces.

Mr. Pickersgill: I will also give some thought to that.

Mr. Horner (Acadia): Mr. Chairman, I would like to say a few words with regard to the transportation bill. First, since the minister has agreed with the amendment I suggested prior to the Christmas recess, perhaps it would be proper to allow him to word it so as to suit himself and the government, so I will leave that up to him.

There is another amendment which I should like to suggest to him but before doing so I would like to say a word or two about the amendment proposed by the hon. member for Peace River. Certainly I can speak wholeheartedly in favour of the suggestion made in this amendment because if it is followed through it will give more substance to clause 16. The general fault which I find with clause 16 is that it lacks certainty of protection against discrimination and also lacks a proper definition of the public interest. I am wholeheartedly in support of the suggestion made by the hon. member for Peace River.

However, my thoughts today lie more along the lines of competition. The minister has brought forward the bill in a rather hasty manner. I say this with due regard to Bill C-120 which was dropped two years ago and with due regard to the number of meetings held by the transport committee because it seems to me it is evident that this bill has been considerably amended. In fact some 65 to 70 amendments have been proposed and accepted by the minister which would point to the fact that insufficient consideration was given to the bill in the first place. Surely a bill which needs 70 amendments before being presented to the house is one to which insufficient prior thought was given in the initial stages of its drafting. While I do not lay the blame for this on the minister in particular I think that his staff should have drafted the bill more carefully so as to avoid the need for such a large number of amendments.

This bill brings together every mode of transportation in Canada, namely, railway, air, water, truck and even pipe lines. The theme of the bill is competition. If one really believes that competition will be the answer to our transportation problems in Canada then one must inject competition into every mode of transportation. But has this bill really achieved this? Clause 1(a) says that there shall be no regulations which will in any way restrict competition among the different modes of transport. Is this really enough? Does this clause really say that there shall be competition between the various carriers in any mode of transportation? It does not. This is why, after having given some thought to the matter during the Christmas recess, I once again put forward a suggestion which I made before the Christmas recess that perhaps we should implement an amendment suggested by the Canadian Manufacturers' Association as it appears in transport committee proceedings No. 27 on page 1926 and which provides that after the word "transport" in clause 1(a) the following words be added: "nor any carrier to compete freely with any other carrier".

If we really believe that competition is the answer I think we should state that there shall not be any regulations restricting competition between one carrier and another. Surely this follows particularly with regard to the railroad and trucking industries, if trucks are to fall under this legislation and if clause 1 of the bill is really intended to deal with every mode of transportation. As I read this particular part of clause 1 it refers to any mode of transportation. We must therefore state that we will not allow regulations which will restrict competition among the carriers in any mode of transportation. I should like the minister to consider this suggestion because I think I will move it as an amendment before clause 1 is agreed to.

I should also like the minister to give some thought to competition in every mode of transportation in Canada. What does this bill do with regard to railroads? If railroads are not included they will continue to set rates which are not necessarily competitive. What does the bill do with regard to air transportation? It does nothing. The Air Transport Board and the Aeronautics Act are included under the bill which, however, does not incorporate competition in this field in any real sense.

• (5:20 p.m.)

This bill does not touch Air Canada and leaves that company in a monopoly position all across Canada. It does not say that in the future steps will be taken to bring about a greater degree of competition.

It is interesting to note that during the committee proceedings Mr. Crump of the C.P.R. made a statement which appears in report of committee proceedings No. 28 at page 2009. I am not going to read it, but he stated that air cargo is developing into a very significant factor in intercity ton miles. I am paraphrasing what he said. There is no denying the fact that passenger traffic on air lines has increased tremendously during the last ten years. It is my belief, as it is Mr. Crump's, that in the next ten years air freight is going to increase to the same degree.

What does this bill do with regard to air freight? It does very little, if anything. Surely we cannot continue to say that this commission is going to regulate all modes of transportation when the bill does nothing with regard to air freight except transplant the machinery of the Aeronautics Act to this commission. The bill does not touch Air Canada at all. Certainly one of the significant factors in this regard is that Air Canada does not have any competition. If competition is the real theme of this bill, then we should seek some avenue in the bill which in the years ahead would provide a road for greater competition in air freight and air passenger travel as well as air transportation generally.

Every other air line, whether it be a little one operating between Regina and Calgary or Trans-Air in eastern Canada, has to apply for a licence under the Aeronautics Act or I suppose to the new commission that this bill will set up. However, Air Canada can operate all across Canada without applying for a licence and can discontinue a service without anything more than a public hearing. We saw that very thing take place on the prairies a few years ago.

This bill does very little, if anything, to bring about any degree of competition in air traffic, whether it be air freight or passenger travel. Let us not fool ourselves by saying that this bill brings all modes of transportation under one commission. The verbiage in the bill may well be to that effect, but it does nothing to bring about any adjustment of the conditions in which we now find ourselves with regard to air traffic. One only has to think back to the recent strike of Air Canada personnel to realize that transportation was severely tied up in Canada. More costly ways had to be found to move many of the perishable commodities which have normally moved by Air Canada. I should like to see some avenue created in this bill by which in the years ahead steps could be taken to create a greater degree of competition in air passenger travel and air freight. We should recognize the fact that there is room for such competition in Canada.

What does this bill do with regard to water transportation? There is a provision to the effect that transport by water, which falls under the Transport Act and is generally under the jurisdiction of the federal government, will fall under this new commission. What was the government's attitude just a year ago with regard to the competitive factor in northern Alberta? The government bought out its only competition on the McMurray waterways. At that time Northern Transportation, a government company, bought out Yellowknife Transportation for some $2.5 million. It was the only competition the government company had. Was that any way for a government to act which now comes to us and purports to believe that competition is the answer to our transportation problems in this country? They are not holding true to their belief of a year ago when they felt they had to buy out competition in order to survive. Today the government purports to believe that we must return to competition.

Let us look at truck competition. The minister says we are going to include a clause, I think in part III or perhaps part II of this bill, which will deal solely with truck competition. Without the amendment suggested by the Canadian Manufacturers Association, how does clause 1 apply to truck transport? We should state quite clearly that we will not allow any regulations which will restrict competition among carriers. This is a very strong point with regard to truck traffic because if you look at the major trucking concerns in Canada which operate from the maritimes through to western Canada you find you can

name them on the fingers of both hands. Most of them are owned by the two railroads. Therefore we should not allow any regulations that would prohibit free competition among carriers in the trucking industry. I firmly believe that the amendment suggested by the Canadian Manufacturers Association is necessary in order to safeguard competition within the trucking industry.

During the proceedings of the transport committee we tried to find out the percentage of long-haul trucking services which the railroads really owned. We were not forceful enough in the committee to ascertain just what that percentage really was. There was some indication that this information could not be given out. The trucking association presented a brief to the committee and stated they would like to have that information but they could not really ascertain it. One of the great handicaps under which the transport committee worked was that the committee was not given enough facts to ascertain the value of this bill when one considers the fact that according to the bill competition is the answer to all our transportation problems.

Many people in Canada believe that there is not enough competition between the large trucking concerns because the Canadian National alone, I believe, owns practically outright over half a dozen trucking firms and Canadian Pacific must own a similar number. When you ascertain how many trucking firms there are, for instance, operating in the maritimes you realize that there is little real competition. If one were to project that thinking into other areas of Canada, I am sure one would come to the same conclusion.

With regard to the commodity pipe line aspect of this bill I believe this amendment should be included. The Shell Oil Company presented a brief with regard to commodity pipe lines. This company believes that commodity pipe lines really need not come under this bill because there is no such thing in Canada yet and pipe lines will come under two federal boards, the National Energy Board, which in most cases will regulate the commodity in the pipe line, and this new commission which will regulate the transportation aspect of that commodity. Pipe lines are a means of transportation whether they carry oil or whether they carry sulphur. If jurisdiction over a pipe line carrying oil is with the National Energy Board, I see no reason why that same board could not regulate the charges made for the transportation of sulphur as well as the charges made for the transportation of oil.

• (5:30 p.m.)

After all, Mr. Chairman, the least government is the best government. That is a principle which is generally accepted in a free society. But what is taking place in this bill? We are including in the bill a clause dealing with commodity pipe lines when we do not have any commodity pipe lines in Canada and when we do not know what commodity pipe lines system will be used in Canada. We are projecting our thinking into the future and are saying that we should have another regulatory body to govern such pipe lines when we already have the necessary machinery to handle them at the initial stage. I see the minister shakes his head but let him hear me out first.

It may well be, Mr. Chairman, that if these pipe lines should develop into a well-accepted means of transportation there would then be ample time to bring in any required legislation. I did ask the minister whether there had been any prior consultation with the provinces about trucks and commodity pipe lines and the minister replied that he would have meetings with the provinces in this regard.

Why do we include a clause in a federal bill dealing with the trucking industry, which is mainly a provincial matter though not entirely, without prior consultation with the provinces? Where is the co-operative federalism we heard so much about two years ago which was going to solve all our problems? The government was going to have ample prior consultation with the provinces on every matter of concern to them.

What have we seen in this house since that time, Mr. Chairman? We have been asked to pass one piece of legislation after another on the pretence that after this house had passed it the government would consult the provinces as to their views. Where, oh where has that co-operative federalism gone? It is certainly not evident in this bill.

As I said in my initial remarks on this bill, I believe that both the government and the minister have proceeded too hastily with the bill and have not consulted the provinces to any extent. They drafted a bill which required some 70 odd amendments and there may yet be further amendments. Surely if some thought had been given to the drafting of the bill and prior consultation had been had with the provinces about the trucking

industry and commodity pipe lines, the government would have presented a bill which would have been readily acceptable to the house, the provinces and the people of Canada in general. I can only hope that in the coming week or weeks we will be able to iron out the problems in this bill so that some good will come out of it. Either that or the minister should withdraw it altogether and redraft the bill in light of the amendments proposed and the amendments which have been already accepted.

Mr. Pickersgill: Mr. Chairman, while the hon. gentleman's point with respect to clause 1 (a) is fresh in my mind and before he moves any amendment I should like to suggest one or two difficulties which I think would be encountered in attempting to draft any effective amendment which would purport to forbid the commission to restrict competition within the same mode of transport.

The hon. member for Qu'Appelle made a very powerful argument for rationalization of the railways, with a large part of which I completely agree, with a view to reducing, in the interests of the economy and the efficient transportation of grain competition, which is of the wasteful sort.

Mr. Horner (Acadia): Wasteful competition, yes, but not fruitful competition.

Mr. Pickersgill: The hon. gentleman knows that the whole intention of the Aeronautics Act has been to provide competition where there is enough traffic to warrant it, to make sure that in the case of regional carriers and others there should be adequate scope to operate effectively and to enable them to make a financial success of their operations, and to avoid the kind of cut-throat competition which would make it impossible for any of them to operate effectively.

The hon. gentleman said that we were not amending the Air Canada Act in this bill. We are not amending the Canadian National Railways Act or a great many other statutes either. We are laying down certain general principles.

When the hon. gentleman's friends were in office they did permit a limited amount of competition on main air lines, and I have indicated that this government has no intention of changing that policy. Indeed, I am hopeful that in the very near future I will be able to make a statement with respect to that matter.

[Mr. Horner (Acadia).]

The hon. gentleman made three points, two of which I have dealt with and the third I have not. I think what we are seeking to do in this general statement in clause 1 is not to lay down particular rules for the railways, for the air lines or for any other particular mode of transport. What we are trying to do is to lay down guide lines for competition between those modes of transport and for the relationships between them.

Therefore, Mr. Chairman, in these circumstances we would be making more difficulties for ourselves than we would solve by attempting to change this particular subclause in the manner suggested by the hon. member. We do have very keen competition now between the railways and there is certainly very keen competition between the two air lines wherever they are allowed to compete. I do not think we need insist on this kind of competition in this legislation. What we are seeking to do is to make it possible for the various modes of transport to compete.

While I am on my feet, though this does not relate to clause 1 at all perhaps I could say a few words about each of the other two points raised by the hon. gentleman. First with regard to commodity pipe lines there is no provision in the law of Canada at the present time for commodity pipe lines, apart from pipe lines to carry oil and gas. It was the view of the government that some provision should be made the first time appropriate legislation was brought before parliament to meet that gap, and it is a gap in legislation. I think it is appropriate to meet this gap in the way it is being met in this bill, which will not involve any double jurisdiction at all. A commodity pipe line that does not carry gas or oil will be exclusively under the jurisdiction of the new commission.

Mr. Horner (Acadia): What if one carries both?

• (5:40 p.m.)

Mr. Pickersgill: If one carries both then there is provision made in the bill. This is covered by one of the 70 odd amendments which were made, although I am not sure the hon. gentleman's figure is correct. I did not bother to count them. I thought it was wise to make any improvements in this bill that it was thought should be made. I do not think it is any criticism of the draftsman that this has been done. I am not criticizing the hon. gentleman because he criticizes me. Every opposition says that if a government accepts an amendment it means that it was a sloppy

draftsman and did not know its own business, but if it does not accept amendments it is stubborn, obstinate and arrogant. You have to pay your money and take your choice. No matter what course you take the opposition will do nothing but condemn you.

We are, I hope, nearly through the rhetorical aspects of clause 1. Perhaps we can get down to the bill and forget how many amendments there are. If we see some way to improve the bill, let us do that even if it brings the amendments up to 71 or 72. But if there are to be improvements I think it is perhaps wise, not to do as the hon. member suggests.

The highway situation is somewhat different. Parliament 10 or 12 years ago passed legislation when the Privy Council decided that this parliament, and not the provincial legislatures, had jurisdiction over interprovincial and international trucking. This parliament has legislation empowering the provincial boards to act as federal agents. Many people do not understand that they act as federal agents. They have no power conferred on them by the legislatures. That could not be done. Such power can only be conferred by this parliament. To the extent that this delegation will continue to work there is no disposition to change it. But we have some reason to believe, because of certain decisions the courts have made, that some of these provincial agencies will not be able effectively to carry on their task. This is a matter about which the provincial governments, of course, should be consulted because they have allowed their agencies to act for us until now. The provincial governments should be consulted in due course about whether a change should be made. I do not think that provincial governments should be asked their views about the legislation—the legislative act is exclusively within the jurisdiction of this parliament—any more than we should expect the government of Alberta or any other province to consult us before introducing legislation exclusively within the jurisdiction of the provincial legislature.

Where the division of authority is completely clear it seems to me that on the whole we get along better if we mind our own business. Whether it is advisable to give this reserve power to this new commission is something we can discuss when we come to the clause dealing with it. The same holds true with respect to pipe lines. Both these matters in my view show deficiencies in the general law at the present time that it is desirable to correct.

I shall come back to the point that really concerns clause 1. I shall reflect on what the hon. gentleman has said. I do not like rejecting anything out of hand. I see great difficulty in trying to formulate any general language in subclause (a) that would not create conflicts between the Aeronautics Act and probably the Railway Act, and certainly the clauses we are proposing to put in relating to branch lines. I think we should gain very little by attempting to do such a thing.

Perhaps the hon. gentleman will permit me to take a crack at him and to say that 30 years ago, when I was as young as he is, if any farmer in this house had got up and commended anything suggested by the Canadian Manufacturers Association he would never have come back. Apparently that is not as great a disability as it used to be.

Mr. Horner (Acadia): We farmers in the west are very broadminded these days.

Mr. Barnett: Mr. Chairman, if it will not come as too great a shock to the minister I wish to commend him on his flexibility in agreeing to accept some of the amendments proposed in the committee. No one can accuse the minister of having gone hastily into the preparation of this bill when one looks at its genesis in the days of the MacPherson Royal Commission appointed by the previous administration.

Having said that, I wish to comment about the extraordinary piece of verbiage the minister has included in clause 1 of the bill. This is a most amazing piece of drafting. One might consider the language as the preamble to the bill. If one turns the page and sees the short title referred to in clause 2, one might be pardoned for thinking that the language in clause 1 is the preamble to the bill. The more I have looked at clause 1 the more I have become convinced that the minister's thought about a new transportation policy has gone down the drain.

As I read clause 1 it virtually assures that the new transportation commission the bill seeks to establish will continue to flounder in the sea of misunderstanding and illogicality that has prevailed in the Canadian transportation system over a great many years. In clause 1 the minister, it seems to me, has most effectively sought to perpetuate the confusion in which our transportation system has found itself for a long time.

The bill starts with these words:

An Act to define and implement a national transportation policy for Canada—

That is high-sounding. I have no objection to ministers introducing bills with high-sounding titles. It is within the bounds of reasonable ambition on their parts to have bills with high-sounding titles on the statute books to perpetuate their memories.

When one reads the first sentence of what I call the preamble, because it is not properly clause 1 as I define it, one sees this statement:

> It is hereby declared that an economic and efficient transportation system making the best use of all available modes of transportation at the lowest total cost is essential to the economic well-being and growth of Canada—

Few Canadians will find much to disagree with in that statement. But when one goes beyond that one immediately enters into the strange realm of thought that has prevailed for all too long, that some mystic benefit is to be derived from competition in transportation. I listened to the hon. member for Acadia, who obviously wallows in the quagmire in which the minister wallows. Some people think that if we could have competition, if we could get 25 railway companies to build lines across Canada to transport goods cheaply, somehow or other we should have an efficient transportation system working in the interests of all transportation users in Canada. That is the attitude that has prevailed. I am no authority on railway history, but if we look back in history I am sure we will find that it was the kind of philosophy I have just alluded to that forced the government of Canada in other days to set up the Canadian National Railways.

• (5:50 p.m.)

In spite of all this experience, this myth about the value of competition as being basic to the efficient functioning of transportation in Canada is being perpetuated, indeed, enforced in an act of parliament by virtue of clause 1 of this bill. This is the situation which has produced the conflicts to which I have been listening between supporters of the government and members of the official opposition. The minister has pointed out that the hon. member for Qu'Appelle contends there should be a greater degree of control over the railways to ensure that grain rates remain low. I hear voices from the maritimes in favour of moves to ensure that the maritime freight rates subsidy should continue. Now the hon. member for Peace River has introduced an amendment which in some ways I find to be laudable. But I would suggest to the hon. member for Peace River that his attempt to bring reason and order into what is contained in clause 1 is a hopeless effort. All it is likely to do is to add to the confusion which already exists.

To my mind the basic situation is clear. The best way of ensuring an efficient transportation system in Canada is to bring about a system whereby all modes of transportation and all the vehicles used complement one another instead of indulging in unnecessary and fruitless competition. It is through this approach that we are likely to get the most effective and economic system of transportation best suited to the needs of the people of this country. I suggest to the minister that the best thing he could do would be to remove clause 1 entirely and renumber clause 2 as clause 1. We could then consider the bill from that point. As things stand, all we are doing in effect is to ensure from the very start that the transportation commission will be unable to function in the manner proposed in clause 14. I put it to the minister that there is an inherent contradiction between what is set out in clause 1 and what is contained in clause 14 as to the powers and duties of the proposed commission. In order to illustrate my point I will quote the relevant part of clause 14.

> It is the duty of the Commission to perform the functions vested in the Commission by this Act, the Railway Act, the Aeronautics Act and the Transport Act with the object of co-ordinating and harmonizing the operations of all carriers engaged in transport by railways, water, aireraft, extra-provincial motor vehicle transport and commodity pipelines;

Here we find set out what I consider to be a realistic transportation idea. Unfortunately the idea that the duty of the commission is to co-ordinate and harmonize the operations of all carriers is completely nullified by the terms of clause 1 where we find it stated that these objectives are most likely to be achieved when all modes of transport are able to compete—a contention which maintains and perpetuates the paradoxical transportation policy which has prevailed for far too long in this country.

I know that when he introduced the bill the minister urged strongly that it be allowed to go to the committee where its details could be studied. Many of us were prepared for that to happen. In fact we expedited the passage of the bill to the point at which it could be sent to committee for that purpose, recognizing that certain changes were long overdue particularly with respect to the operations of the national railways.

I do not profess to be in a position to discuss in detail the proposals contained in this bill with respect to railways operations. Some of my hon. friends who are more directly

interested in rail transportation matters have studied these proposals in committee and I am satisfied to accept their judgment in this connection. However, it does seem to me that not only the bill itself but the attention of the committee and of the house have been focused to far too great an extent on the rail transportation aspect of this subject. I am not denying that this in an aspect of transportation which requires urgent consideration. But in a bill which purports, as stated in the preamble, to be a bill to establish a national transportation policy it does seem to me that those of us who are concerned about other modes of transportation, water transportation, for example, have little to be thankful for. As I understand the legislation it brings about no change in existing water transportation policy; it effects no change in the provisions of the present Transport Act. This means that unless there is much more to be read into the operations of the new commission that is set forth here, those in Canada who are primarily dependent on water transportation for the carriage of freight will find their situation unchanged.

By and large, the only section of transportation users in Canada who have no protection under the law with regard to the kind of services which are provided or the rates which are charged are those who must depend upon transportation by water. Although I might agree that some of the regulations which control the operations of the railway companies are outmoded, I wish, nevertheless, to take this opportunity to emphasize once again that there are large areas of Canada where there are no railways. On more than one occasion I have sought to emphasize my concern for such areas by seeking to introduce an amendment to the Transport Act. I had hoped that when the present bill was introduced this particular aspect at least would have been covered by the minister's proposals. I was looking through some papers the other day and I found that on October 24, 1962, I placed a question on the order paper which read as follows:

> Has the Minister of Transport completed the consideration which on September 28 he stated he would give to introducing an amendment to the Transport Act to bring coastal steamer facilities in British Columbia under the jurisdiction of the Board of Transport Commissioners and, if so, what is the result of that consideration?

• (6:00 p.m.)

Well, here we are in 1967 and the fact of the matter is that the bill now before us does nothing to rectify the situation of which I complain. I want to emphasize the contrast between people who are served by railways as a basic form of transportation and people who are served by water and coastal services as a basic form of transportation. I might draw to the attention of the minister that not long ago I received a notice from the secretary of the Board of Transport Commissioners to the effect that there would be a public hearing held on the question of the withdrawal of a full-time agent from a certain station in a small community in my area and his replacement by a caretaker. A full hearing was held. Somebody from the Board of Transport Commissioners visited the area. Almost at the same time the people in another part of my constituency, where there are no railways received in the mail a circular which said:

> Accordingly, all freight received for shipment after midnight November 25, 1966 will be accepted at current tariff rates plus 10 per cent. Copies of the new tariff, which will be identified as Northland Freight Tariff No. 17, giving effect to the foregoing will be available on request as soon as received from the printers.

At this point I am not going to argue the merits or demerits of whether or not that particular increase was justified. What I am endeavouring to do is to point out that under the bill before us, which purports to comprise a new national transportation policy, that kind of increase can go into full effect without any possible recourse on the part of the users of that service regardless of whether it is justified and reasonable or unjustified and unreasonable. In a situation where people are dependent upon a monopoly service, despite the minister's adherence to the idea of competition in transportation I doubt that he would be willing to suggest that another freight run would be the answer in an effort to lower the rates. So I suggest that, despite the minister's claim that he has produced a new transportation policy, all he is doing in this bill is setting up a body which will replace three existing regulatory bodies.

I must say that I believe this is a forward step in the hope that there will be some coordination. The minister may be doing something to rationalize the operations of the railway companies. I do not profess to be able to express a considered judgment on that point. Far from bringing in a new transportation policy, by clause 1 of the bill now before us the minister, if it becomes law, has effectively nullified any hope we may have had that the present government of Canada could in fact bring about a rational transportation system in this country.

Mr. Hamilton: Mr. Chairman, this evening I am going to address my remarks to the

amendment put forward by the hon. member for Peace River. Once again I am very pleased that the Minister of Transport is here because these remarks will be basic to the decision he will be attempting to arrive at between seven and eight o'clock vis-à-vis the amendment moved by the hon. member for Peace River. The amendment of the hon. member for Peace River is an effort on the part of the Conservative opposition to try to give guide lines to the new transportation commission which will help them make their judicial decisions. It is similar to subclauses (a), (b) and (c) of clause 1.

I should like to read part of the amendment again:

—it is essential to recognize the policy of equalization of freight rates to the fullest possible extent as a means of dealing equitably with all parts of Canada—

In respect of the first part of the amendment concerning the question of equalization, I have pointed out before and I should like to repeat that there is nothing which has bothered the people of Canada more than the question of equalization. Throughout the years, particularly in the maritimes and in the prairies, the unfairness inherent in the fact that it costs so much more to ship goods on the railways for a certain distance in the prairies and the maritimes than it does to ship them the same distance in the central provinces has been one of the great economic injustices which have divided this country.

This bill is an attempt to bring the railways up to full efficiency by permitting competition in the field of transportation between the railways on the one hand and other modes of transportation on the other. I believe the great majority of the people of Canada are willing to give a try to this policy of competition. On the other hand, since we are realistic we know that railways, truckers, air lines and others forms of transportation have not endeared themselves to the people of Canada in the past by evidence that they were honestly competing. There is too much evidence to the contrary. There is a good reason for this being so. The railways in effect are a type of semi-monopoly. When a railway goes through a certain area, in effect it provides the only service in that area. When you have a location in Canada where the competition is very keen, where railways run reasonably close together and where you also have water, air and truck transportation, you can visualize a situation where there is honest and genuine competition. There still are many areas in Canada, however, where in reality that guarantee cannot be given.

The phrase, "equalization of freight rates" is a clear direction from parliament and I think gives an axe to the minister and the new transportation commission. In recognition of the way competition works we have included the phrase, "to the fullest possible extent". I think that phrase gives sufficient leeway that the transportation commission can recognize in some areas that the equalization principle will have to be departed from.

One of the situations of which we all have knowledge is that in respect of the Panama Canal. It is a matter of common knowledge that you can ship goods from Montreal to Vancouver by water in competition with the movement of freight by rail from Montreal to Vancouver. Therefore, in order to give competition in that type of situation between modes of transportation the transportation commission would have to permit a type of freight rate which would allow the railways, one mode of transportation, to compete effectively with another mode, that of water. This, however, does not ease the pain for the people of Regina or Calgary who know that the freight rates they pay for rail transportation are so much higher than they are when the same goods are moved from Montreal to Vancouver. When it is cheaper to ship a particular article from Montreal to Vancouver than from Montreal to Calgary it is natural that the people will raise the cry of discrimination and nonequalization. As the hon. member for Peace River pointed out, royal commissions have tried to tackle this problem but have failed to come up with a precise answer. All we in parliament can do is suggest, as this amendment attempts to do, that the commission wherever possible provide an equalization of freight rates.

• (6:10 p.m.)

Obviously if there is to be competition between the three, four or five railway companies in Canada the rates cannot be precisely the same. Let me give some examples of what I mean in an attempt to explain possible situations which may still exist following the adoption of the this bill. I have given these examples in general principle on previous occasions.

Clause 68 is very carefully worded so as not to force the railway companies or the transportation commission to provide equalization of freight rates. In clause 68 under the heading "Traffic, Tolls and Tariffs" we find that subsection (1) of new section 381 states:

All tolls shall be just and reasonable and shall always, under substantially similar circumstances and conditions with respect to all traffic of the same description carried over the same route, be charged equally to all persons at the same rate.

On first reading that it looks like it provides for equalization of rates, but when you reread it in light of our experience over the last 40 years there is a loophole for discrimination provided by the phrase "carried over the same route". The words that are missing, of course, are "the same distance". We have tried by our amendment to include words which will indicate to the transportation commission that we want to achieve the major objective of this bill, namely, competition, while at the same time eliminate any possibility of discrimination.

Let me provide a hypothetical example. Suppose a particular item is being transported from Winnipeg a distance of 130 miles west to the city of Brandon at a rate which is lower than that applying to the transportation of the same item 130 miles from Winnipeg east to the city of Kenora. That situation could well exist within the terms of this bill but it would be discriminatory against the people of Kenora. Conversely, if the rate were higher to Brandon than to Kenora, it would be discriminatory against the people of Brandon. The amendment proposed by the hon. member for Peace River, which is being held in abeyance, was designed to prevent this type of discrimination from occurring by the inclusion of the words "to the fullest possible extent".

Let me propose another example. The majority of development in Canada in the future will take place in the paper and mining industries in our northern areas. At this time 90 per cent of our population live in a narrow strip in the southern part of the country within 10 per cent of our total area. A great majority of our transportation problems in future will relate to various methods of transportation from our newly developed areas. Under clause 68 of this bill it would be possible for railway companies, without in any way infringing upon the principles, to establish different rates for hauling similar ore from different locations over an equal distance.

Let me use Winnipeg again for the purposes of my example. If a mine were developed a specific distance to the northeast of Winnipeg and a similar mine were developed to the north of Winnipeg, provided the product was the same and the distance to the concentrator was the same the same rate should apply. Similar ore collected at the one mine and carried over the same distance as ore collected from the other mine should be moved for exactly the same rate. Under the provisions of this bill a different rate could be charged. Let me enlarge somewhat on this example. If ore were being transported from a mine in northern Quebec to a concentrator at a higher rate than ore transported from a mine to Winnipeg, to Sault Ste. Marie, Port Arthur or Fort William, provided the distances were the same the people in Quebec would feel they were being discriminated against. On the other hand, if the rate in Quebec was lower the people in Manitoba or Ontario would feel discriminated against.

In view of the realities it is not possible to obtain complete equalization of rates. There may well be competitive factors involved. We have taken this into consideration in drafting our amendment. That is why we suggest there should be equalization of freight rates "to the fullest possible extent".

It is my hope that the minister and his officials will realize that we are not attempting to be obstructive in moving this amendment. What we are attempting to do is to make it clear to the commission that parliament desires equalization of freight rates to the fullest extent possible. We must take into consideration competitive factors, but if those factors are relatively equal there is little reason why the rates cannot be equal.

We have attempted to protect the various modes of transportation in this country. We have done so effectively by stating that no mode of transportation can charge a rate below cost. That provides a basic protection to every mode of transportation. But what have we done to protect the user? Users must realize that there is some body, in this case the national transportation commission, which has been directed by parliament to make sure as far as possible that similar goods carried a similar distance by a similar transportation system are carried at the same rate.

• (6:20 p.m.)

Mr. Hamilton: I think I have made my point sufficiently, and I hope fairly enough, to indicate that we are not trying to cause trouble for the minister or the people who will have to redraft this amendment. We are trying to arrive at something that will indicate to the national transportation commission that we are attempting to get over the old bugaboo of d scrimination which has plagued and divided this country for so long. We are doing this to show the committee something they should

already know, namely, how serious this discrimination has been. Up to the year 1957, I believe, since the war increases in freight rates have been granted by the Governor General in Council amounting to 150 per cent. The whole burden of this tremendous increase in freight rates fell on the prairies and the maritimes and those areas apart from the competitive area between Montreal and Toronto. It did not bear on the people in the competitive areas.

I have already said that we cannot get rid of discrimination entirely, but as our country develops more and more in the northern areas this tremendous dissatisfaction will continue unless there is some assurance that the board to which we are giving these tremendous powers is working in the interests of the user. This is why there will be a great deal of trouble in regard to the definition of "public interest". Does "public interest" simply imply that you have competition between the railways regardless of the fairness to the user? If that is the motivation or theory behind this bill, it will cause just as much trouble as previous efforts by parliament to try and get out of this rut. We are trying to be helpful by suggesting what I think is a fairly constructive amendment which does not limit to the fullest extent the power of the new commission to do the right thing. But they should know that parliament is holding them responsible to try to arrive at the maximum amount of equalization possible.

In this bill we are telling the people of Canada that parliament will look after their interests properly and that the national transportation commission will defend those interests. But the public interest must, by the very nature of things, not only be loyal to the principle of competition but loyal to the reality of competition and the fact that in the end result we are trying to serve the user as fairly as possible.

I have one more point to make which is in harmony with what I have said in the house on previous occasions with regard to rationalization. I suggested to the house on second reading that one of our purposes in this bill should be to give the commission more power, the power to direct, the power to achieve positive purposes. Then at the committee stage I supported another amendment moved by the hon. member for Peace River suggesting that this board, with all its powers, should have some controls placed on it. Those two viewpoints are not contradictory. They are, I think, realistic and practicable.

If we want to run our transportation system efficiently, it seems that we have to turn it over to a highly skilled board that can deal with it. This is the essence of the bill. But if we turn all these powers over to the board, not only should we in the drafting of the bill try to state our aims and objectives in the form of guide lines to the board but we should have some way of touching base with them occasionally. That is why we in the official opposition have suggested that there should be set up by statute some form of institutional framework which would guarantee to the people whose interests we are placing in the hands of this commission that their representatives in parliament will every year have to examine carefully what the board is doing.

In summary, Mr. Chairman, we are turning over more power to the board. I would even give it more power than this bill gives, namely, the power to direct as well as to recommend. At the same time I want to strengthen control over the board in a way which will not interfere with its efficiency in handling our transportation system. This amendment is not as fundamental as the earlier one, but I think it meets the long-standing grievance of the people in those areas which have been most discriminated against, northern Ontario, northern Quebec, the prairies and the maritimes. They will at least feel that we in parliament are giving the board, proper guide lines in this field.

If we try to tie the direction down to dollars and cents and precise details, it will destroy the purpose of the bill. We should set out our aims and objectives in such a way that will direct the board but leave some loophole whereby the railways can adapt themselves to the competitive position of different areas and within reason make the adjustments that are necessary.

We cannot reach the most perfect situation in the world but at least we want the people whom we represent and who have been discriminated against over the years to feel that a case is being made on their behalf. I believe that in this opening clause it would help a little if we included some phraseology that would give the assurance that the board was directed by parliament in an attempt to arrive at our objectives, rather than including such a provision in the section of the bill covering the powers of the board. If we included this amendment at least the people would know that periodically we will see that these things are carried out to the fullest extent possible as far as members of parliament are concerned

in trying to set up legislation and maintain the right of the people to have some control over their masters.

The final point I wish to make deals with positive thinking and positive approaches. I believe in what I call dynamic, positive government. I believe we have an opportunity in this bill, in which we are delegating powers in respect of transportation to a national commission, to try to use this Canadian Transport Commission as part of national policy. I know that for many decades to come things will have to be done in the field of transportation that do not come under the ordinary rules of competitive private enterprise. I know that by roads, highways, air routes and possibly pipe lines we will have to open up our country by moving transportation into areas where there is no immediate monetary return to the carriers. I know that for periods of years, and perhaps decades, some of these operations will have to run at a loss.

We have agreed with the principle enunciated by the MacPherson Royal Commission that, if we ask any mode of transportation to take on these national functions, any losses will be recompensed from the national treasury. What I am trying to say is included in this amendment. I refer to the phrase "equalization of freight rates to the fullest possible extent as a means of dealing equitably with all parts of Canada and as being the method best calculated to facilitate the interchange of commodities between the various parts of the country"—and this is the part I want to emphasize—"as well as the encouragement of industry and agriculture in all regions and the development of export trade."

That last phrase is the positive one. We are there saying that the national transportation commission must have as its guide line in the national interest the developing of exports, our mining industry, our paper industry and even the agricultural industry. Many Canadians have not yet recognized that the last great backstop of all the hungry people of the world will be in northern Canada and northern Russia.

• (6:30 p.m.)

The great muskegs, with the greatest soil productivity in the world, will be the base from which we will feed the hungry millions. Even if one is accused of looking too far into the future, the Canadian Transport Commission, under this amendment as a guide line, will know that they have the responsibility of looking into the future and of proposing to air lines, pipe line companies, railroads and even water transportation around our coasts, that in the interests of developing our country they can make proposals to the agencies they govern.

I think all this is made possible in the amendment, and I hope that when the minister meets his officials between 7 and 8 p.m. today he and they will recognize that the additional paragraph we have proposed is put forward without any intention to interfere with the principle of competition. It also has the purpose of trying to carry out what I think every Canadian would like to see, namely a maximum equalization of freight rates. I have been very candid in saying that under certain circumstances one cannot provide perfect equalization, but there are so many cases of discrimination that it would be good to know that this transportation commission is actively watching and seeking at all times to end or reduce that discrimination.

Finally I shall repeat a point I have made already, that I would like to see an active, dynamic government which would not interfere with private enterprise. If this transport commission could do a certain amount of projection of the national policy, then the government would have through this commission a way of getting things done—something we have found very difficult in the past.

I know the minister does not wish to re-live that awful debate on the Pine Point railway. That was a classic example where private enterprise, in this case in the form of the Canadian Pacific Railway, did not see the obvious truth that there would be a need for certain mineral products in a short space of time, and refused to build a railway line to its own mining properties. The government of Canada of the day had to put money behind the Canadian National Railways to get this line built. Is it not a wonderful thing that we did it? Certainly we made money for the C.P.R., and all those who had invested in the Pine Point mines reaped large benefits. But the main thing was that we saved this country hundreds of thousands of dollars of foreign exchange and we saved it from having to import these minerals at much higher prices.

This was a good policy at that time. The private enterprise did not see the necessity for it, but thank heavens we had a government which believed in this country and believed in taking dynamic action. I hope that the Canadian Transport Commission will be composed of people who will read into the amendment and into the remarks made in the house the meaning which we intend, namely that we hope they have some red corpuscles in their

blood stream, and some adrenalin to enable them to take the dynamic action we hope such a board will take when national interests are at stake.

Mr. Pickersgill: I would like to put one question to the hon. gentleman for clarification, if he would permit me to do it. As I understand his interpretation of the purpose of the amendment, in so far as equalization is concerned—I am not talking about the other more visionary aspects which he mentioned in the latter part of his speech—it is not intended in any way to inhibit the railways or any other mode of transport from meeting competition, but is merely intended to say that in areas where there is no competition there should not be discrimination as between one part of the country and another. I do not know whether I made myself clear.

Mr. Hamilton: I think we are in agreement. As you know, rates are set for a certain product in a certain area, and no one ever examines them from year to year. These discriminatory rate structures remain for ever and ever. I was hoping this amendment would make it clear to the Canadian Transport Commission that their job is to try to set rates wherever possible on the basis of equalization, rather than on the basis of phraseology contained in clause 68, which deals with section 381 (1).

The other point I wish to make is that I think it is wrong in principle to worship the theory of competition to such a degree that you give to a private company, whether it is the C.P.R., the C.N.R. or the P.G.E., the right to decide what the freight rate will be for a certain new development as opposed to another new development. This, in the name of competition, gives too much power to the private company. If the Canadian Transport Commission were on the alert for this type of thing, it could be prevented. One can imagine that, with the interlocking directorates, and with the C.P.R. which is engaged in many forms of enterprise, if one of these enterprises belonged to the circle of their companies and another set of enterprises belonged to the competitive company, discrimination could occur.

I do not want to impute bad motives or to suggest that the railway would deliberately set a special rate to help their boys a little bit more than the others, but I would like to believe there was a referee or a judicial court set up to stop this sort of thing, unless there were good reasons for establishing lower rates at one point than at another. The principle should remain, that similar goods travelling the same distances should be treated in the same way.

In the case of the oil and gas industry, we do not bother with these details in legislation. We simply say to the pipe lines and to the gas distribution companies in the provinces: You are a semi-monopoly, but we watch you by setting the maximum rate of return on the capital which is usually set on the basis of the rate base. We allow these companies to compete and to do what they like pricewise because their competition has to be met in various areas. For example in Ontario there is discrimination in the gas rates, but the government controls them simply by making it very clear in the regulations what their maximum rate of return can be.

We have not set up this system in this bill. If we do not set up a system of maximum returns—which would be too difficult to attempt in the case of the railways—we have to put a finger of control down here and there, and that is what I think this amendment will do. If the transportation commission is aware that as far as possible parliament wishes to get rid of discrimination, then a great cause of disunity and unfairness will be removed.

Mr. Pickersgill: I can assure the hon. gentleman that if my enunciation of the proposition was the one he had in mind, that is precisely the objective of the government. We feel that, where there is competition, the railways should be permitted to meet it and to get the business so long as the rates are compensatory; but where there is no competition we do not feel they should be allowed to discriminate between two shippers under similar conditions, even if one is at one end of the country and the other is at the other end. That is what we have sought to do in clause 16, and that is precisely the purpose of the language in that clause. If I can find some language which clearly sets out this principle, at eight o'clock I would be ready to propose that we include it.

• (6:40 p.m.)

It may be that instead I will have to ask that this amendment stand overnight, because sometimes the draftsmen have to see how the wording is likely to be interpreted. Those of us in here who think that if we were judges we would be able to settle it quickly will find that the lawyers do not always agree with us. If it is not intended to prevent the various modes of transport from trying to be competitive, but is meant to protect areas where there is no competition by making sure that there

will be no discrimination, then I can assure the hon. gentleman that the government is wholly in favour of it. This is what we want to accomplish. I can say right now that I cannot accept the words in exactly the form the hon. member for Peace River has given them to us. However, we will try to devise something which will meet the objective he has in mind.

Mr. Hamilton: May I make one last observation. I believe the minister is aware that under section 68 to which I referred, all tolls shall be just and reasonable and shall always do certain things. I break off there to say that this language is fixed. The bill provides that for the carriage of goods over the same route the various carriers will have to have the same rate.

Mr. Pickersgill: The hon. gentleman realizes that clause does not apply to the railways at all.

Mr. Hamilton: The point I am discussing is that I point to this as an example of the type of fixed language we will find it difficult to amend. I believe the provision would be better put in the guide lines section.

Mr. Pickersgill: I quite agree.

Mr. Bell (Saint John-Albert): I wonder if I could repeat my objection for the minister so that it might be considered during the supper recess? The hon. member for Peace River has put forward this amendment which recommends a recognition of the policy of equalization of freight rates to the fullest extent as a means of developing all parts of Canada. The amendment is akin to the complaint of some of us from the maritimes, that in embarking on this national transportation policy we somehow are putting aside the national policy of using transportation to develop the regions of Canada that have not been as fortunate as others, in so far as competition in transportation is concerned.

One of the objections the minister made to this amendment was that it might not consider the Maritime Freight Rates Act and the statutory protection that the maritimes have. Whether that is true, I do not know. However, perhaps we should place in the legislation, either in this or some other clause, the amendment which I suggested should be seriously considered. On an earlier occasion I felt it was important, but it is taking on a greater significance in my mind now, and I will tell the minister in a minute why that is so.

The amendment to which I refer is the one put forward by the Maritime Transportation Commission, when they made their presentation to the committee which considered this bill. That commission suggested that after section 1(b), the following words should be added, "except as may otherwise be necessary for constitutional, statutory or national policy purposes." If those words were in the bill, the objection the minister has to the amendment moved by the hon. member for Peace River might be covered. This amendment also appeals to me because it ties in with the study that has taken place on maritime transportation problems. We have to buy a pig in a poke or pray that something is going to come up in the future.

I suggest that if these words are in the bill, then a future government will have to recognize this protection, whereas if these words are not there an entirely different method could be adopted for dealing with the transportation problems of the maritimes. I am not suggesting future governments would not be aware of this, and I frankly told the minister that I wondered whether we should put a full time order on this freeze. Although I cannot speak for my colleagues, I am quite willing to take a chance that there would be enough pressure from the maritimes to cause the government to act.

If there is not some statement in this bill to the effect that we recognize in this parliament that national policy as a means of providing transportation facilities on an equitable basis for every region is protected, then I am afraid a new government might not consider that aspect and might use something different on an experimental basis. I think the minister has my thought. Perhaps he will be able to work in something that will satisfy himself in connection with the weakness of this amendment and also make many maritimers happy in the knowledge that it has been stated that all will agree with a national policy on transportation as separate from a new national transportation policy.

There are one or two other points which perhaps I could develop at this time. They arise from some of the problems we discussed before the Christmas recess and about which we have had a chance to think further. Some hon. members have paid tribute to the minister's flexibility and good intentions. I did that in the committee. I think we will have to test these statements against the proceedings in the house on the bill. It has been said that we need definite direction, and that words are

important in a section such as we are considering because the new transport board will be reading these words rather carefully and trying to ascertain exactly what we intended.

We all know that the minister is flexible, is good natured and that certain things are intended. Flour offers a good example of the difficulty of putting these intentions into legislative form. Everybody in the committee agreed that we wanted to provide the same protection for flour as there had been. I am not an expert in the matter, but I understand when the new legislation was brought forward flour was excluded from many of the provisions that affected grain. We were all desirous of at least putting flour in the position it was before. It would seem to me, as a layman, that since the west grows the grain and mills some of the flour and the east benefits from these lucrative flour shipments through eastern ports, everybody should be interested in Canada as a nation milling and shipping as much flour as possible. Two amendments have come forward, and they were put forward fairly. Everybody considered them. I understand now there is some difficulty in connection with the second amendment, in that some flour mills were not included. Unless changes are made, this might drastically affect about 50 per cent of the business that has been going through most of the eastern ports.

I know the minister and his officials are considering the matter, so I do not want my words to be taken as criticism of any departmental or railway officials who may be considering this matter. I just want to use it as an example of the fact that it is not easy to put into legislative form for all time the exact intent in providing a cure for these problems.

• (6:50 p.m.)

Another matter that came to my mind was this question of port parity. I understand we are still going to hear from the minister on this subject. Perhaps on that occasion he will give us a better indication of how that affects Saint John and whether the rates vis-à-vis the United States ports are going to be protected. I read in the paper the other day the industrial port commissioner in Quebec city, who of course is trying to promote business, made the flat statement that it is $14 per ton cheaper to ship newsprint through Quebec than through Saint John. He went on to say that this is an argument each shipper in Quebec should be able to count on, and that therefore winter navigation should be kept open. I see the minister is smiling but he has no need to worry; I am not going to get into the subject of winter navigation at the moment. I have already put substantial argument on the record over the years in this regard.

If this is true, I do not know whether any agreed charges are involved. I would assume the longshoremen would form a comparable category because they are now on identical rates. If it is true that it is $14 per ton cheaper to ship newsprint through Quebec than through Saint John, then there is something wrong with our freight rate structure. The very reason out province went into confederation, Mr. Chairman, was to get equalized rates so that we could be competitive. If these are taken away from us, then even without winter navigation I do not know what hope there is for us in the future. This thought occurred to me during the holidays when I was trying to be fair minded and was viewing the matter on a broad, national basis.

One other subject on which I think the minister should try to obtain more information concerns the freeze on the maritime freight rates. I am confused about this question, which is looming fairly large. As I stated in my earlier remarks, I think we would do better to put a time limit on this freeze. I have perused some of the records in this connection, and when we come to the particular clause I should like to have an indication of how much of our traffic is affected by this freeze. The departmental officials seemed to minimize it, and I am sorry I do not have before me their exact words. At the same time, in reply to me the other day the minister said that quite a substantial part of our traffic was involved. So I think we should know what we are talking about here.

In view of this I feel that if we were given some statement on national policy everyone would be happier. The hon. member for Qu'Appelle referred to this particular situation, which is of prime concern to the west, and I commend both him and the hon. member for Acadia for their speeches about free enterprise this afternoon. It is heart warming to hear these remarks, as one who comes from a city and a port which owes a great deal to one of our national transportation companies. I hope that these complimentary remarks, Mr. Chairman, will be taken as an indication that we are still interested in them, and we hope that they will be as interested in us in the future as they have been for years past.

In this regard the thought struck me that we were almost bordering upon the chief criticism which was made by the western

provinces, particularly Manitoba, during the committee hearings. I feel that, in spite of the minister trying to drag section 16 into the picture this is one of the major weaknesses of a big section of this bill. We are really considering maximum rate control philosophy. This is one fear the west has. I as a maritimer think that the government, if they are not already aware, should be made very much aware of the fact that, every day, the maritimes is going further behind, in this field of transportation.

The statements that have been made on behalf of private enterprise to the effect that the big bulk shippers should be allowed to negotiate with the railways and to set their own rates sound pretty good, but I go back to what was said in the committee hearings about the wastage of our resources in Canada. Let us take for example the potash industry, which is negotiating with the railways for special rates. In my humble opinion I think these rates could be set very high, and due to the monopoly or near monopoly situation in the industry, particularly in the international market, there will not be an accounting. In spite of all that has been said, the bulk shippers will not come forward and declare themselves; they will simply make up the cost of these high rates by taking it out on the economy in the western provinces, perhaps through labour or through some other means.

I leave with the minister these general observations on the bill. It is a question of watching these rates every day and in every way. Otherwise we will find that the difference in rates will be lost in the economy and that the western provinces will end up as we did in the maritimes. About 50 years from now they will wonder what has happened to them because they have no industry left and their standard of living will be well below the Canadian average.

So I say to my western friends, particularly in view of their appealing speeches on behalf of private enterprise, that while I agree with them in this philosophy they had better be careful of the maximum rate control section of the bill and not listen to the story which is put forward, that this is great and that we should let the big companies and the railways work it out themselves. That is my centennial warning for the new year to the western members: let them watch this section.

May I call it seven o'clock, Mr. Chairman, if it is the intention of the committee to take a recess?

Mr. Pickersgill: I think it is. Perhaps I may say again that I intend to give consideration as well to the suggestion made by the hon. gentleman about this other amendment, which I think could be summed up by saying that the hon. gentleman is in favour of equalization if necessary, but not necessarily equalization.

The Chairman: Order. Is it the wish of the committee that I rise, report progress and request leave to sit again later this day?

Some hon. Members: Agreed.

Progress reported.

• (7:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: the hon. member for Trois-Rivières (Mr. Mongrain), Canadian Pacific-discontinuance of Montreal-Quebec night train service; the hon. member for Cartier (Mr. Klein), admission to Canada of deputy leader of National Democratic Party of West Germany; the hon. member for Gaspé (Mr. Keays), Northern Affairs—*Grande Hermine* —permanent berth for replica.

I understand that there has been agreement that the house will suspend sitting from now until eight o'clock.

Some hon. Members: Agreed.

Mr. Deputy Speaker: Would the house also agree that we come back to committee and begin work at eight o'clock.

Some hon. Members: Agreed.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed consideration in committee of Bill No. C-231 to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: I do now leave the chair.

SITTING SUSPENDED

Transportation

SITTING RESUMED

The committee resumed at 8 p.m.

The Deputy Chairman: The house is again in committee of the whole on Bill No. C-231.

Mr. Rock: I rise to speak on clause 1 of this bill, which will create a new national transportation policy for Canada. During our study of this measure in the committee on transport and communications I was interested in the area covered in clause 4, paragraphs (a), (b), (c), (d) and (e), particularly in paragraph (c) which reads:

transport by water to which the Transport Act applies and all other transport by water to which the legislative authority of the parliament of Canada extends.

I asked the minister in the committee why the seaway authority was not included or mentioned in the bill, and he gave me a satisfactory answer. Nevertheless I believe there is a matter which at present comes under the jurisdiction of the seaway authority but which should, I believe, come directly under the authority of the Department of Transport. I refer to the operation of the second old Lachine canal, which was transferred to the jurisdiction of the seaway authority when the seaway became operative in order that the free toll Lachine canal would not be a competitor for small ships. This canal has been partially closed. No through traffic can use it and only a small western section has been left open for local traffic. This means that very few ships use it.

However, whether this old Lachine canal carries heavy traffic, little traffic, or no traffic has no bearing on the difficulties encountered by vehicular traffic attempting to cross the 6th Avenue bridge between the cities of LaSalle and Lachine. In the course of the past ten years these two municipalities have time and again requested in letters and resolutions that the federal government build a new bridge, or an extra bridge, to solve the traffic problem caused by the present outdated horse and buggy federal bridge. Serious traffic jams occur at present when the canal is closed for winter. From time to time traffic jams extend from this bridge for almost a mile along two arteries to LaFleur street in LaSalle, westward on St. Joseph boulevard for 15 blocks and down 6th avenue to the heart of the main shopping street in Lachine, Notre Dame street.

This problem has existed for many years and each year it becomes increasingly serious. The seaway authority and the Department of

[The Chairman.]

Transport say that responsibility belongs to the municipalities and to the province concerned. The government has no policy with regard to the matter. I would point out however that during my lifetime the federal government has built two bridges over the St. Lawrence river. And as hon. members know, the Champlain bridge was completed only recently. I feel, Mr. Chairman, that a similar federal responsibility exists with regard to the building and modernization of bridges along the Lachine canal. It is my belief that the same degree of responsibility as the federal government assumes in connection with railway crossings should also be assumed with regard to bridge building across federal canals.

• (8:10 p.m.)

The first inhabitants of Lachine came in the year 1666, over 300 years ago. The first canal was built between the years 1821 and 1824, enlarged in the years 1843 to 1848, and again in the years 1877 to 1880. There was a complete reconstruction between 1896 and 1904. The four bridges which cross the two locks and the two water control systems were built between 1922 and 1924. They were built to accept the traffic of that era—the horse and buggy days. In the year 1904, when the reconstruction of the Lachine canal was completed, the population in the immediate area of La Salle and Lachine was around 6,000. At present the estimated population in the area of La Salle and Lachine is around 95,000. The serious traffic situation has been in existence for the past ten years, and therefore I believe that something should be done in this regard by the federal government.

I am aware of the possible closing of the Lachine canal. Personally I feel this canal, the first built in Canada, which enters the heart of the city of Montreal, should remain as an historic achievement. I believe it should be maintained as a harbour for pleasure craft and for Montrealers. The government has a policy for pleasure craft and I believe this canal should be part and parcel of that policy. There should be no more stalling one way or another in the matter of a decision. The Lachine canal should first be transferred from the seaway authority to the Department of Transport. Then a decision should be reached by the department or by the minister, either to close the Lachine canal and build a causeway between the two municipalities, or leave the canal open and build the bridge which has been requested by the two municipalities. I think the minister should study the possibility of creating a bridge fund,

in the same manner the grade crossing fund was created. I believe he should give additional power and responsibility in this regard to the new Canadian Transport Commission.

On December 20, when speaking in respect of clause 1, I addressed some remarks to the minister on the subject of railway crossings. I have an amendment which I should like the minister to study. I would hope that this amendment could be accepted by him:

That Bill C-231, an act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions, be amended

(a) by renumbering clause 78 on page 65 thereof as subclause (1) of clause 78, and

(b) by adding, immediately after the renumbered subclause (1) of clause 78 thereof, the following:

"(2) Section 265 of the Railway Act is amended by adding thereto immediately after subsection (9) thereof the following subsection:

"(10) Where in the opinion of the commission any railway crossings of highways or highway crossings of railways at rail level, (in this section called a "level crossing") constitutes a present hazard to safety and no agreement satisfactory to the commission has been reached between the authorities or bodies concerned and the company for the construction of either such grade separation or such installation of signals as may be required for the removal of the hazard to safety, the commission shall

(a) publish a statement, in at least one newspaper circulating in the area in which the level crossing is situated, of the action required to remove the hazard to safety at such level crossing, and

(b) make a full report thereon to the governor in council for whatever action he may wish to take."

I should like the minister to study the possibility of accepting an amendment of this nature.

Mr. Pickersgill: Mr. Chairman, at this point perhaps I might assure the hon. member who has just spoken that I will be very glad to give consideration to his amendment. I am afraid it will not be today, because even I, an eternal optimist, do not expect to reach clause 78 today, although I hope we will reach it tomorrow. I will consider it overnight to see what may be possible.

In the meantime may I say that I have given consideration to the suggested amendment that was tabled, although not moved, by the hon. member for Peace River and the suggestions made by the hon. member for Saint John-Albert. Of course I already have undertaken to accept the suggestion made by the hon. member for Acadia.

I have come to the conclusion that the easiest way to deal with this problem would be to have an amendment moved, if this meets with the general view, to remove present clause 1 altogether and replace it by a new clause. I think in this way it would be much easier for hon. members of the committee to follow, rather than attempt to make two or three amendments by substituting words here and there. The amendment I would ask one of my colleagues to propose, if it meets with the general approval of the committee, I think would incorporate the substance of what hon. gentlemen opposite had in mind in respect of the three points. Perhaps it is not necessary that I read the preamble which is to the effect that the bill be amended and so on. I might just read the part under clause 1, and if I did not have so much competition from some of my colleagues on this side of the house I might be able to make this a little clearer to those who are interested in it.

The new clause would be as follows:

1. It is hereby declared that an economic, efficient and adequate transportation system making the best use of all available modes of transportation at the lowest total cost is essential to protect the interests of the users of transportation and to maintain the economic well-being and growth of Canada, and that these objectives are most likely to be achieved when all modes of transport are able to compete under conditions ensuring that having due regard to national policy and to legal and constitutional requirements

(a) regulation of all modes of transport will not be of such a nature as to restrict the ability of any mode of transport to compete freely with any other modes of transport;

• (8:20 p.m.)

(b) each mode of transport, so far as practicable, bears a fair proportion of the real costs of the resources, facilities and services provided that mode of transport at public expense;

(c) each mode of transport, so far as practicable, receives compensation for the resources, facilities and services that it is required to provide as an imposed public duty;—

There is no change in that regard.

Paragraph (d) represents a substantial change and perhaps I should send a copy to the hon. member for Peace River, so that he can follow it. It states:

(d) each mode of transport so far as practicable carries traffic to or from any point in Canada under tolls and conditions that do not constitute

(i) an unfair disadvantage in respect of any such traffic beyond that disadvantage inherent in the location or volume of the traffic, the scale of operation connected therewith or the type of traffic or service involved, or

(ii) an undue obstacle to the interchange of commodities between points in Canada or unreasonable discouragement of the development of primary or secondary industries or of export trade in or from any region of Canada—

The rest is the same as before.

It will be apparent to every hon. member on the other side of the house that I, representing Bonavista-Twillingate, cannot accept the phrase "industry and agriculture" as it appears in the original amendment. Everyone must recognize that the fishing industry is as important as agriculture and a much older industry in Canada. In order to meet that point I have used the expression "primary and secondary industry". This will convey the same impression and include all primary industry.

I think I—or perhaps I should say the draftsman on my behalf—have pretty well covered the second part of the hon. gentleman's amendment. He will note that the first part of his amendment is pretty much in the same language as clause 16. In this regard there are two advantages to my amendment. It makes it very clear that the commission in determining "public interest", must take this point into account so that anyone seeking to establish a prima facie case does not have to prove it, but merely allege it. I think this meets the point raised by the hon. member before Christmas.

I believe this amendment incorporates what the hon. member for Acadia had in mind, and certainly the substance of what the hon. member for Saint John-Albert suggested. I believe it also does what the hon. member for Peace River sought to do in spirit and intent by his amendment.

Mr. Baldwin: Mr. Chairman, in so far as I am concerned I think subparagraph (ii) of paragraph (d) suggested by the minister meets the principle I had in mind. When we come to a consideration of this matter perhaps we will see what has happened in respect of clause 16. It would be very simple to remove any obstacle so far as public interest is concerned in respect of clause 1. I think this subparagraph will give a direction to the commission to bear these things in mind when they adjudicate or make orders and directions. Under those circumstances I am prepared to withdraw the amendment which now rests in purgatory.

Amendment (Mr. Baldwin) withdrawn.

Mr. Pickersgill: Under the circumstances, Mr. Chairman, it might be convenient to ask the Minister of Veterans Affairs to move this amendment, so it will be before the committee.

Mr. Teillet: I so move.

[Mr. Pickersgill.]

The Deputy Chairman: Order. Is it understood by the committee that the hon. member for Peace River has withdrawn his amendment.

Some hon. Members: Agreed.

Mr. Pickersgill: I expect to have French copies in a very few moments.

The Deputy Chairman: Is the committee ready for the question?

Mr. Nasserden: Mr. Chairman, I rise to say a few words at this time regarding this bill in respect of a transportation policy in this country. Surely nothing more important has come before parliament in the past or will come before it in the future than this question of which the committee is now seized. We on this side of the house consider a transportation policy as a national policy. It has been the historic stand of the opposition over the years that a transportation policy is of prime importance. This attitude has developed from the concept expressed by Sir John A. Macdonald and his ministry, which brought about the unity of the provinces in this nation from coast to coast. Although in this year we are faced with a much more complex situation than existed in the past we still have substantially the same challenge before us which faced those pioneers who tried to build a great nation north of the 49th parallel.

It was particularly interesting to me to listen to the lip service given to the benefits which might accrue from competition, but those benefits cannot be used to gloss over the fact that for many years in many places the transportation services now in existence or likely to emerge will represent little more than a monopoly to the people in industry in those areas. A domestic air policy for light aircraft is one of compelling and vital importance today. This is worthy of more consideration than parliament has given it in the past. It is also worthy of consideration from the standpoint of the ultimate development of the manufacture of light aircraft in Canada.

When I listened to the compliments extended to the Minister of Transport I could not help but remember the stand he has taken in a personal way and as a front bench representative regarding suggestions brought forward in years past for the development of this nation. I make reference to this fact because I believe those who will be responsible for administering this act must in the future be concerned with this integral part of national policy. Great areas of this country must be

developed, and it is useful to establish guiding principles for those who must administer this act. We must give them direction in the establishment of incentives which will encourage that development and raise the standard of living to a level which will attract to this country the new people so vitally necessary at this time in our history.

• (8:30 p.m.)

I cannot help but think of the Pine Point railway and the attitude taken by hon. members who now serve in this government, and particularly the minister when he sat on this side of the house, as the government of that time sought to lay the foundations for a development that had not taken place in the past. I can only hope that when this bill is passed, its final terms will be such as to encourage development in those many areas of Canada that still require development, and may require it for a number of years in the future.

I think of the potash development in the province of Saskatchewan. I believe that the railways today are in a position to take care of that development. But when I think of the potential iron ore developments in the northern part of the province of Saskatchewan, I cannot help but think of the need for transportation in this regard. This also applies to the other minerals that we believe exist—and there is evidence that they do exist—in those northern areas. There will have to be much more of a pioneering spirit on the part of our railways and other transportation facilities than we have had in the past if this development is to proceed in an orderly and worthwhile way, in keeping with the concepts of this modern day and age.

Looking at transportation policy for Canada, I believe we cannot fail to give consideration to the potential posed by the Hudson Bay system, which generally speaking has been stalemated or at a standstill for so many years. In this connection I believe the provinces as well as the federal government will have to provide some incentives. Perhaps this is the time to suggest it, but I believe some of the provinces will have to provide assistance for warehousing facilities in order that there will be a two-way trade over those routes. This is one solution that might change the picture in some regard.

A while ago in this debate the minister referred to the vision. He did not really make the usual references that he makes when he talks about the vision, as it has been promoted from this side of the house. I believe that those who are responsible for transportation policy in this country must have a great deal of vision if we are to reach the development that our country deserves, and can achieve if we will it so.

If this bill can remove the discrimination that has existed between one portion of the country and another, and one station and another, sometimes within the same province or between neighbouring provinces, it will have removed some of the conditions that in years gone by have subjected our transportation systems to a great deal of criticism. The more I think of the references to competition in this field, the more I think of the railway systems in this country. As I see the situation, they have almost entirely failed—I refer not only to the national railway system but to the other railway system—to live up to the problems associated with those areas of our country which have a great potential for development. I emphasize and repeat that this is one of the cornerstones of a sound transportation policy as part of the national policy of this country.

That of course raises the whole problem of whether there can or should be subsidies to the transportation facilities that are provided, whether they are of rail, air or ocean. Looking back at the history of this country and considering our geography and the undeveloped areas that we still have, I cannot see how in 1967 and in the decade or two ahead we can proceed with the implementation of a national transportation policy that will not have somewhere within its structure those subsidies necessary to provide an equal opportunity to people in all sections of our country, and at the same time provide for the development of those areas that are so vital to the future if this nation is to achieve its real potential.

There will be other opportunities to deal with clauses of the bill as they come forward. I do not intend to make any further remarks at this time in regard to the general objectives that I believe we should be trying to achieve under a national transportation policy. But before I close, Mr. Chairman, I cannot help but say a word or two about rail line abandonment and the alternatives that perhaps should be given consideration. I think people across this country, and even those in areas which may face a problem of rail line abandonment, realize that uneconomic lines cost something to those who ship products, as well as to the other taxpayers of this country. But let us consider the situation in western Canada, where the Crowsnest pass rates were

almost, and I believe were, a part of confederation itself—I see the parliamentary secretary shaking his head. I have always understood that the Liberal party was first and foremost in holding forth and promoting the idea that the Crowsnest pass rates should always remain inviolate; that they were one of the guarantees to those who live on the prairies, and that they now form, if not a written part of the constitution, indeed one of the unwritten parts which are even more vital than those which have been written in words in our constitution.

When we think of the effects of rail line abandonment in the communities concerned, I hope it will not be forgotten that other modes of transportation should be assured to those people so they will not suffer the personal cost and loss of their rights under the Crowsnest pass rates as they were originally guaranteed to those who went to settle in western Canada.

Mr. Bell (Saint John-Albert): Mr. Chairman, I have had only a quick glance at the amendment but with respect to the part in which I was interested I think it will go a long way toward satisfying the request that the Maritime Transportation Commission put forward.

• (8:40 p.m.)

Many hon. members may think that it is not necessary to play on words like this, but as we said before supper, when the commission begins its work it will refer to the directions regarding its objectives which are contained in this clause, and this is extremely important. I think that where there is any conflict between the objectives of the new transportation bill and the national policy objectives, by which the Canadian government can deal with the disparities in the rates in different regions, this amendment will have gone a long way toward resolving this conflict. Also this applies not only to the maritime freight rates but it might apply also to the seaway tolls and the Crowsnest pass rates. So that the statement of the protection contained in the amendment regarding national policy will make those in the maritimes who are concerned a lot happier.

The part mentioned by the hon. member for Peace River is good, I think, and his action in bringing it forward is worthy of commendation. I think this should be noted. Also we should keep in mind the flexibility of the government which has gone this far with regard to the amendment. I like the new phrasing which allows for the trading of commodities between the different regions, with particular mention of the export trade which is of concern to the eastern parts of Canada. It seems to me, after a quick perusal, to fulfil the objectives that I at least had in mind.

Mr. Korchinski: I have a few remarks which I should like to address to the Minister of Transport on this occasion. They are of a rather general nature and cannot be dealt with under any particular clause of the bill and therefore perhaps should be considered as an over-all comment.

The minister has been very co-operative up to now. He has paid far more attention to the suggestions which have been put forward than have any other ministers charged with the responsibility of piloting a bill. I think this should be drawn to the attention of the house. However, even though he may be paying attention to those suggestions this does not necessarily mean that he intends to do anything about them. I hope he will give more consideration to the west than just to say that the Minister of Veterans Affairs, who comes from the west, seconds the bill. This seems to be all the consideration the minister gives to the western provinces.

The bill before us is very complicated and far reaching. This being the centennial year of Confederation, this bill will perhaps affect people a hundred years from now. I think that the majority of the members of this house are not fully aware of its ramifications. Neither is the minister himself nor the people in the department. I do not think that the extent to which the bill will affect the lives of people in the future is fully realized.

One thing certain is that those people who are protesting vociferously at present will be affected immediately. One of our greatest concerns in the west is the fact that in the past we have been the ones who have been burdened with the payment of the bill of any transportation policy of the government. Whenever the railways have come around to settling their disputes, regardless of whether it concerns wages or the payment of interest on the capitalization of any of their projects, because of the fact that we in the west are further away from the markets than other parts of Canada we have had to contribute a larger per capita share of the costs than have the other more populated regions of the country. If we were in the position of having a greater proportion of the population in the west we would not be so vociferous but the

policy under the bill does not contribute to the increase of industries in the west.

I can well remember the time when the hon. member for Burnaby-Coquitlam was the premier of Saskatchewan. On many occasions he trotted out the old Prince Albert pulp mill deal. This was offered to the people at every election. This particular deal was offered as a political bribe and incentive to the people. We thought it was a very good idea, regardless of whether we accepted it or not. Even now the present premier of Saskatchewan has gone so far as to assign to a firm the responsibility of conducting a survey or study of the potentials in the northern area. We know where are the markets for wood and pulp but we do not know how to get around the transportation problem. Has the minister dealt with this problem under the bill now before us? I would suggest that the bill does not offer solutions. The premier of Saskatchewan will not be any happier on the day we pass the bill than he was on the day when he first commissioned that survey, because nothing in the bill will lead anybody to think that there is a possibility of cheaper transportation. We know where the wood is to be found and we know there will be a potential market in the United States but what are we to do to get the people working in this area? Prince Albert has always been suggested as the proper place for the pulp mill. The sum of $60 million should be put into a pulp mill, but what does this bill do for this type of industry?

We already have legislation which is supposed to help the needy areas which the government is going out of its way to assist. And yet nothing is being done about the legislation which we suggest to the people is necessary to overcome the weaknesses in our economy.

When I suggest that transportation is one of the great problems I am referring to the fact that it does not solve our unemployment. Part of the problem is that people are simply moving out of Saskatchewan. We have been trained that way ever since the days when the hon. member for Burnaby-Coquitlam was the premier of that province. We simply left this area to go to places where employment was more available, namely in eastern Canada. If eastern Canada is to get the benefit of this legislation, then I suggest that somewhere along the line we have been misinformed. I am not suggesting that subsidies are necessarily the wrong solution. After all, during all the time that I have been in the house I have been hearing of the sacred cow, the C.B.C., receiving $100 million; but the same cannot be granted to the C.N.R. or the C.P.R. or any other transport facility.

I would like to see the people in my area employed to the fullest possible extent, and I would like to see my own people work in my own area because this is in the best interests of the country. Despite the very clever drafting of this bill it accomplishes nothing. A suggestion has been made by the hon. member for Acadia for the inclusion of the word "adequate". The minister has been very cooperative. He said he even agreed. I wish he would agree to it to the point of introducing it in the bill.

Mr. Pickersgill: The hon. member for St. Boniface, the Minister of Veterans Affairs—and I emphasize St. Boniface to show that we are not forgetting the west—has already introduced an amendment incorporating that suggestion. He did this a few minutes ago.

• (8:50 p.m.)

Mr. Korchinski: All I can say is that I wonder why this has not been done before, and why this was not realized sooner, after all the committee meetings that were held. Perhaps the minister thought he could get away with the bill as presented to us. Is this entirely a railway bill or is it a bill for the people of Canada? What have we in mind? Have we in mind the fact that the railways have to show a profit, or have we in mind the fact that legislation should be for the benefit of the people of Canada? What have we in mind? Surely when the government talks about an over-all transport policy they must have in mind something that will benefit the people. This is the purpose in passing legislation. At least my interpretation of the role of every member here is to serve the people of this country, and not to serve the railways of this country.

I am suggesting again that perhaps if the minister had introduced this statement in the first place, then we would not have had to go through all this speechmaking in order to understand exactly what is being done. I do not know whether it is to the advantage of the minister to introduce this program in bits and pieces; I do not know what his reasons really are for doing it in this way. For example, after listening to those speeches which were made before Christmas, and after having his departmental officials digest them, if the minister had said, yes, we will accept these suggestions, then that would have cut down this debate. He says it would not, so I am going to continue.

This is called a transport bill, but I am suggesting it is a railway bill and that is the way it should be labelled. We talk about air transport. One commission is to be established with jurisdiction over all modes of transport. However, what we are dealing with here really is railway needs. Nobody is concerned about Air Canada not making a profit. Nobody is talking about that. What we are talking about is how to get the railways out of the red. If this is a transport bill, as has been suggested, there has been no mention made of the need of this country for roads. There has been no mention of what the government intends to do about the roads-to-resources program. There has been no suggestion what the government intends to do about providing alternative transport in cases where railway lines are abandoned. Will they assist the provinces? Will they approach the provinces in a meeting and say: Look, we have not got a policy and we cannot interfere with provincial jurisdiction, but we know if this railway line is abandoned some other means of transportation will have to be found. Is the government doing that? They are doing nothing. This pulp mill to which I referred is not going to be served. This lumber, potash, fish, or whatever you may have to bring out of these areas that are still not developed, is not going to be moved by the provisions of this so-called transport bill. The bill does nothing for the development of this country.

All this bill does is to set up a commission which is to be judge and jury; it is to be a court of record, as they say. The commission will be charged with the responsibility of getting all the information, and from whom will they get it? They will get it from the railways. If the railways suggest a certain branch line should be abandoned, they will feed information to the transport commission. The transport commission will ask, does it sound right?

How can the commission really make a finding when nobody contests these things? Nobody will be in a position to really contest these cases. Will there be anybody with the authority to challenge the railways to give all the figures? The transport committee of this house has never been provided with full information.

As a member of parliament I thought we should do whatever is necessary, be sworn to secrecy if necessary, in order to get all the information before the committee so the committee could decide for itself the value of this transport policy. Instead of that, what happened? The committee was denied information. How can the committee suggest a policy for the government when even the government itself shies away from mentioning these facts in the house? I do not think I took any oath of secrecy here to the effect that I was not to divulge any information. If the government wishes that type of ceremony, then I suppose it could be arranged. Then, a committee could be set up and sworn to secrecy, and that committee could be provided with this type of information.

We know for example which branch lines will be subject to abandonment in the next few years, and we know which lines have been frozen. Why could not this committee be set up to challenge the right of the railways to abandon these lines? I do not know where the lines are. So far as I know, the railway lines in my area are not the subject of abandonment proceedings. I am afraid that one day, after this legislation is on the statute books, all uneconomic lines will disappear and all the people served by those lines will be asked to move out. Why will this be done? It will be done because someone in the higher echelons of government, if you like, will have suggested that Saskatchewan is the wrong place in which to live. Suggestions have been made in the past that the people should move out of the maritimes.

This is not the right approach to a transportation policy for Canada. Let us face it, this is not a transportation policy for western Canada nor is it a transportation policy for eastern Canada. This may be a transportation policy for the people of Toronto. I have not heard too much objection from the Toronto area. This policy may be ideal for them, because they are right on the waterfront and have ships coming in to move their goods. Who is going to pay for all the combines that may be going out? There is only one person who is going to pay for them, and that is the westerner. Why must they be transported into one area, and then transported back?

Then there is the question of what is going to be done about the Crowsnest pass agreement. Never before has there been a suggestion contained in legislation that we study the Crowsnest pass agreement. We all remember that in 1961 there were rail lines that did not pay for themselves, and the minister knows it. These lines did not pay for themselves for several years because trade was being held back. What happened? The railways could very easily prove that they were losing

money. This has been the talk of the railways: We are losing money on the shipment of grain. Why do we not hear that talk today? Obviously they are making money on the shipment of grain.

I can show the minister several years in succession in which the railways made money, yet the railways only have to produce one year in which they lost money and they say: We will abandon the line. Then everybody has to struggle, without any assistance from the government, to fight the government transportation commission. The railways, organized as they are, have all the facilities at their disposal, and have all the figures that they are going to use. We have to try to disprove those figures. What chance have we got? We do not have very much chance. Yet the minister tells us that this is a transport bill for Canada, that this is going to be good for us, and that this is what we have been waiting for.

• (9:00 p.m.)

As a matter of fact, we are told the bill must be passed before a certain time because the railways must have it, or else. The railway representatives came before parliament and told parliament to get this transportation bill through. They said the workers were demanding higher wages, and the railways could not pay them. Of course they were; that is common practice nowadays. After all, every other union is doing the same thing. Perhaps these higher wages were deserved; I am not trying to compare one union with another. But the fact is that the railways told parliament to get this bill passed because the legislation was preventing them from dealing with their workers.

That is nonsense, Mr. Chairman. I listened to what the president of the C.N.R. had to say and he impressed upon us exactly what was necessary. In effect, the railways were holding the big stick before the government and were expecting parliament to rush this bill through. The bill was faulty in many respects, and I have mentioned only a few of its weaknesses.

This bill will not do anything for the province of Saskatchewan. I wish the premier of that province had made the presentation of that province before the committee, but unfortunately he was away somewhere else in the beautiful Beechcraft plane he uses for his personal use. Had he appeared before the committee he could have told us how necessary it was to have a new air lines policy, or whatever is necessary.

You would have thought the province would have protested against this bill, because they are unable to put their pulp mill in Prince Albert into service. The bill offers no assistance in this regard. The government of Saskatchewan are in the same position as the former government of the province; they are unable to shift for themselves or to take advantage of companies willing to put up money. We talk of investment in Canada, Mr. Chairman, but Saskatchewan is just waiting for investment of this sort.

The minister is quit familiar with the port of Churchill, but we do not make sufficient use of the railway which was built to that port. For years the port has been shunned. Now that a few facilities have been built at that port the government are still able to find excuses for not using it to full capacity and for shipping out of Hudson Bay. Here we have a small town, every resident of which is willing to do everything in his power to attract industry. Yet they are struggling and are hoping that the province of Saskatchewan, the federal government and the railways will take them seriously. These are serious minded people and they want the railways to carry shipments from the prairies to that port. They have two mills operating there, but apparently the railways do not want their business. The government tells the people of Churchill that they are situated in the wrong area. It admits it is one of the have-not areas and that a little assistance is required, but they get it in dribbles. The government knows they are there if needed.

I have made mention of the lumber industry, but also in this area are silicon deposits which could be utilized by the mining industry. If the government would provide some assistance we would be able to develop industry in this area. Yet what does this bill do? It makes darned sure that the railway gets their share, and industry is told that if it is in the right place at the right time and shines up in the right way it will get some consideration also.

Some of the other comments I wanted to make may take a little more time, Mr. Chairman, so perhaps I can reserve them until we reach the appropriate clauses. But I wish the minister would give some consideration as to how this pulp mill I have mentioned might derive some benefit from this bill. Would he give me some indication what he proposes to do, and why it is necessary that this Crowsnest pass agreement must be very carefully checked. What is to happen after the three years expire? Is that to be the

end of it, or will we continue the process until one year we find that it is not a paying proposition? We all remember 1961, though we have had better years since then, but is the present practice going to continue?

Could the minister also tell me why it is not possible to set up a permanent secretariat or, as has been suggested, to have a committee of the house oversee the functions of the transport commission? Surely that commission must listen to the views of the railways to a certain extent; but there must be a double check on the commission, which will undoubtedly try to find an excuse to allow the railways to get away with certain things. This would not be the case with proper supervision.

Mr. Keays: Mr. Chairman, it is with disappointment that I speak tonight on this transportation bill, because I wish the minister had accepted the sincere invitation I extended to him some months ago to take a trip east to find out how the people in my area are served with transporation. Had he done so I am sure that tonight he might have been able to provide some favourable answers to meet the problems we have been facing over a period of years.

It is probably repetitious to say that this long awaited legislation is welcome. For a number of years there has been much confusion in the transportation policies of this country, in the sense that there has been a multiplication of work in the absence of any clear direction our transportation policy should follow. Often additional expense was caused, not to the government but to the one who always pays, the consumer.

I realize that this legislation will bring under one board the matter of transportation policy and the provision of assistance to transportation in Canada. I am sure that the amendment which has just been moved by the Minister of Veterans Affairs will reflect the principles which should be inherent in a national transportation policy. I also hope it will serve to satisfy all regions of the economy which depend on transportation, and more importantly will recognize the regional problems of transportation.

I am sure that were we all to live within the golden mile of Canada we would not have too many transportation problems; that there would be sufficient room for all to operate; that competition would be good and that there would also be a satisfactory cost factor as far as the consuming public were concerned. This has been impossible. We shall never have a good national transportation policy unless we take into account those regional problems evident throughout the country.

• (9:10 p.m.)

I heard the hon. member for Mackenzie appealing strongly to the minister for ways and means to be found to increase productivity in the hon. member's province. The hon. member worried also about the increase of population in his province. The problems of our region are similar. Instead of worrying about the increase in population, our people are concerned with being able to live at the same standard as is enjoyed by people in other areas of this land. I am not denigrating this government in particular, but it seems that most governments forget the regional problems of the country. We are preoccupied with urban areas, with highly industrialized areas, and we forget about those hundreds of thousands of people living in the remote areas of this country—those people not living in the heavily populated, industrialized areas.

It is unfortunate that in 1967, in this country, we still have those problems which have been caused by the lack of cohesion between departments of government. There is no cooperation between departments. One department does not understand the problems of another. Although deputy ministers of different departments consult one another, making themselves aware of problems in other departments, it seems evident that what they do is not enough. For example, I can suggest a recent development in the department of the Postmaster General. I am sure the Minister of Transport is not aware of it. This development will deprive the Canadian National of much revenue, having to do with deliveries of mail to various parts of Canada. The mail, with this development, will be delivered a few hours earlier in most parts than is possible now. Had the Postmaster General's department and the Department of Transport consulted one another I am sure that the Canadian National would have found ways and means of delivering mail with the same speed as it is anticipated the mail will be delivered following the development in the department of the Postmaster General. Instead, what happens? We deprive the Canadian National of revenue and we pay out of the federal treasury more money for the transportation of mail.

We waste the Canadian taxpayers' money because we have not taken the time to understand problems, to try to work out some way to provide the service envisaged and save

untold dollars. We cannot deprive the Canadian National of all its income and then expect it to give that service we claim from it. This is one instance where we have been small, where we have been negligent. The Prime Minister said that we have looked after the social justice measures in this country. From now on I hope we shall look after those living outside the large areas, those living in the remote areas, and that they also will be considered part of our affluent society.

I can show the minister another instance where possibly we have been negligent with our taxpayers' money. I think of wharf construction, where we have built wharfs which to this date will never be of benefit to the people of this country. We have subsidized their construction, but those subsidies do not help consumers and do not reduce the prices of products brought to their homes.

For this reason I ask that instead of a committee of the house supervising the policy of the Department of Transport we make use of one of our ministers without portfolio. He could co-ordinate the activities of various departments. Such a minister could go into the problems existing between any two departments of government. He could bring his knowledge to bear for the benefit of our Canadian public.

I can also think of the policy this government has of meddling in provincial affairs, of building highways in provinces where we have no business building highways, outside of the Trans-Canada agreement.

Mr. Pickersgill: Mr. Chairman, I do not want to seem to pick on the hon. gentleman but I have been very patient indeed in listening to speeches that quite often do not seem to be relevant to any part of my bill. But when we start talking about things which have nothing to do even with my department, much less with the bill before the house, it seems to me it is going a little beyond the scope of the rules of this house. We have had now two or three days of general speeches on clause 1. I wonder if it would not be possible in the course of speeches to glance at the clause once in a while.

Mr. Keays: Mr. Chairman, I sincerely believe that everything I have said has dealt with transportation policy in this country. I have not gone outside the bill as presented. I am suggesting that there should be co-operation and co-ordination between departments to better the national transportation policy of this country.

I am deeply concerned about the manufacturing industries of the remote areas of the country. As the minister knows, the costs of production of industries in remote areas are high when compared with urban costs of production. For the products of remote industries to be marketable and competitive, those products must be moved quickly and cheaply to the market. I am sure the minister is also aware that industries in the remote areas require secondary products to be brought in, to help in the manufacturing process.

• (9:20 p.m.)

This all involves additional expense and it is my contention that if we do not enable all these areas to enjoy the form of transportation which will help make their products competitive, then our national transportation policy has failed. There will be no prosperous Canada until these regional problems are solved. I think now in terms of air transportation, and I ask the minister whether he will consider the request which was made by the chamber of commerce in the town of Gaspé to extend the length of the present airfield there to 7,000 feet. As the minister knows, this area is far removed from the large population centres of eastern Canada, though the presence of a manufacturing industry, a mining industry and a paper industry in addition to the fishing industry makes it important that our people should have adequate means of travel at their disposal—a transportation system which would allow them to move fast and as often as desired. In order to make this possible it is necessary to provide airstrips which can operate in conjunction with a regional airfield. I hope action can be taken in this direction in the near future; I understand that some applications have been pending before the Air Transport Board for as long as a year and a half without decisions being reached. The people who are suffering most in this connection are those who are waiting. I hope a decision will be taken in the very near future to determine which carriers shall operate out of the region.

I am also disturbed about the fight continually taking place between the truckers of this country and the railways which operate trucking systems. It seems to me there is some ill will on both sides; I hope that they can make a pact which would prove beneficial to consumers, based on an arrangement whereby products will be brought into an area by rail and distributed by trucks. The piggyback system appears to be one which would help consumers in remote areas to get the benefit of

cheap and efficient transportation. I cannot understand why the efforts of both sides could not be directed toward ensuring the cheapest form of transportation to those who live away from the more populous centres.

When I consider that in the lower St. Lawrence region 80 per cent of the products imported are brought in by rail, I also take account of the fact that in one large area some 150 square miles in extent, there is no railroad at all. The people who live in this area are obliged to pay an excessive price for transportation—as much as two or three dollars per unit for products which may cost only two dollars a unit. This is most unfair. Surely there is some means by which the national carrier could take the products as close as possible to the consumer, after which the truckers by land carriers, could distribute them. Surely some reasonable system of distribution could be worked out, even if it involved some subsidization.

Often in this house I have asked the minister questions in connection with railway passenger service, especially that between Matapédia and Gaspé. I have invited the hon. gentleman to visit this area but he has not accepted my invitation. I have spoken to him about the cold buns. I have spoken to him about rail journeys lasting 24 hours without food. I have spoken to him about the toasters which he should have asked the C.N.R. to provide on their trains. Unfortunately I have not received an affirmative reply on any of these matters.

It is true the service has improved of late, but it still does not reach the standard which I think is appropriate. We have white table cloths, now, and we have serviettes of which we were deprived a year ago. When food is available, the quality is improved. However, people have recently been obliged to travel for 36 hours without having even a sandwich to eat. In this year 1967 it is ridiculous to ask people to stay on trains for 36 hours without even a cup of coffee or a sandwich to refresh them.

This happened on three or four occasions during the Christmas holidays. It was not the result of snowstorms. It was brought about directly through the negligence of the C.N.R., when it came to providing favourable service for 200,000 people. Even though the minister sits there laughing I hope he does not one day undertake that trip because I will see to it that he does not get a sandwich, and he will know what it feels like when he arrives at the other end. It is time we took notice of what is going on in some of these other areas of Canada. These people have been patient. They have waited for years. The minister is still laughing, but the people of these areas where the service is so poor will realize that his policy will do nothing to satisfy them.

We have asked for an interview with the minister so that we might explain some of these things but as yet we have never been able to get a favourable reply.

Mr. Pickersgill: I really think the hon. gentleman is allowing his eloquence to run away with his accuracy. I have no recollection of any requests which the hon. gentleman has made to me for an interview to which I did not accede.

Mr. Keays: I think the minister is correct. I did not make the request, but I have been informed that such a request was made by a member of this house and I have been informed by him that the minister did not find it possible to grant an interview.

Mr. Pickersgill: Before the hon. gentleman makes general accusations of that kind it might be a good idea for him to check his source of information, because I know of no occasion when I have refused to see anyone who had any reasonable representations to make to me. It sometimes happens, of course, that even I am busy and cannot arrange these things at a time which suits others. But I always do try to make time available when I can. Only recently I received a large delegation from the hon. member's region and spent the best part of an hour with them discussing an important transport problem. I assure the hon. member there is no one in any part of his district to whose representations I would not be happy to listen.

• (9:30 p.m.)

Mr. Keays: Mr. Chairman, if I have been carried away to the extent that I have made some statements which the minister considers irresponsible, then I feel very sorry about this. I am however, taking the word of another member of this house, and I have reason to believe those words are reliable. In any event if the minister is disposed to listen to representations from our area, then I trust he will be able to intercede for those people on whose behalf I speak, so that they will be able to have the rail service which they request and will be able to benefit from the same travel advantages which exist between Halifax and Montreal and will be considered

Canadians the same as everyone else in this country.

I should also like to ask that the freight service be improved, because our manufacturers and those engaged in private enterprise should not be the ones who always have to take the blow. It is time that we began to think of our manufacturers, so that in relating the taxes they pay to the profits they make they will be able to contribute to social benefits without increased taxation.

I should like also to request that the express service, which we had for 35 years and which now has been removed, be reinstated. Twenty five or 30 years ago we had a 24-hour express service from Montreal. Today it is 48 hours. When an industry is located away from the supply centres and has to wait an additional 24 hours for products I am sure it suffers from increased costs, and a decrease in the end result, which is the profit. For all these reasons I hope the government will consider seriously the problems which exist in all the outer or remote regions of Canada, and give to these areas the same transportation facilities enjoyed by others, so that they will have a system whereby their cost of transportation will compare favourably with that of others who live in the more concentrated areas. In this way these people might at least begin to believe that they belong to this great land of ours.

Mr. Schreyer: Mr. Chairman, I think it is a matter of regret that the minister has seen fit to take an unorthodox approach in the drafting of this bill, or in incorporating in the bill a statement that really amounts to a judgment of its value. The wording of clause 1 of bill C-231 is not the kind which one normally would expect to find in the body proper of a piece of legislation. Clearly it is in the nature of a preamble, containing within itself all sorts of value judgments and premises which are highly questionable, and which have the effect of making the debate on clause 1 of this bill virtually open-ended.

Clause 1 refers to competition as the most salutary or most effective basis for a national transportation policy. That kind of assumption certainly is the kind which I for one challenge, and which a good many members on this side of the house, not only in this group but also in the group to my right, challenge. At least some of them have led me to that impression. I know that some hon. members have taken the opportunity to tell the minister that they agree philosophically with the premise that competition ought to be the basis for a national transportation policy, but other members have taken the position, much as I have, that the national economic needs are such that we ought to regard transportation services as more in the nature of a public utility. If one proceeds from that starting point, then he is led logically to the conclusion that we must continue to put considerable emphasis on regulation.

We really do not know what evidence the minister has which prompts him to postulate in the bill that competition shall be the effective basis of a new transportation policy. I certainly do not believe the minister would wish to get up and say he is convinced that today there is a possibility of sufficient price competition within the various transportation modes, such as would serve to protect the interests of the users of the transportation services. On an earlier occasion, before the Christmas recess, I took the time of the house to put my views on record, and I do not wish to abuse my privileges and rights here by repeating many of them. I do wish however to make some reference to the amendment to clause 1 which the minister offered this evening, copies of which were circulated to members on this side. In some respects I believe it can be said that the amending version is an improvement, but this is only in minor respects. In major respects there is a restating of the preambular wording or premise which I said was objectionable—that is, that an economic, efficient and adequate transportation system is most likely to be achieved when all modes of transport are able to compete under conditions ensuring certain things. And then the minister added the qualifier, "having due regard to national policy and to legal and constitutional requirements".

Were I in the position of the person drafting this legislation I would prefer, rather than use the words "able to compete", to rely on the words "co-ordination of transportation services" as being the most likely way in which to protect the interests of the users of transportation and the national interest. I really do not see why the minister should object to this suggested wording, because in clause 14 of the bill, which appears on page 6, the commission is charged with the responsibilities and functions of "co-ordinating and harmonizing the operations of all carriers engaged in transport by railways, water, aircraft, extra-provincial motor vehicle transport and commodity pipe lines". If the commission is to be so charged with the duty to co-ordinate and harmonize the various modes of

transportation, then this would seem to show that we should postulate as the basis for a most desirable transportation policy that it should be based on the objective of having it co-ordinated and harmonized, rather than allow it to compete. We may not have been provided with sufficient evidence.

• (9:40 p.m.)

Let me say that the minister is being imprudent in relying upon competition as a basis for a good national transportation service in this country. His arguments in this regard are more of a barrage than based on reality. What are the realities in respect of competition in transportation systems in this country today? In large part I would say they are non-existent.

The amendment proposed by the minister to some extent accommodates the suggestion of the hon. member for Peace River who earlier today said that clause 1 should make provision for equalization of rates. The minister has been able to accommodate him on this point by the provisions of his amendment to clause 1 in paragraph (d) subparagraphs (i) and (ii). If one reads the wording of this amendment carefully he will find it contains not one but two or three loopholes which could very well have the effect of voiding the amendment.

Paragraph (d) states:

> each mode of transport so far as practicable carries traffic to or from any point in Canada under tolls and conditions that do not constitute—

Subparagraph (i) refers to an unfair disadvantage. That is one loophole. One finds in the last line of the first paragraph of the amendment to clause 1 the following phrase "having due regard to national policy and to legal and constitutional requirements". The amendment then states in paragraph (d);

> each mode of transport so far as practicable carries traffic to or from any point in Canada under tolls and conditions that do not constitute
>
> (i) an unfair disadvantage—

When one takes all these things into consideration he finds there are provisions, stipulations, conditions and exceptions to any equalization of rates. The first is that there shall be equalization of rates, provided there are no legal requirements to the contrary. The second is there shall be equalization, provided there are no constitutional requirements to the contrary. The third is there shall be equalization, provided the tolls and conditions are such as not to constitute an unfair disadvantage.

[Mr. Schreyer.]

I am wondering what actually will be accomplished by the insertion of paragraph (d) as worded in this amending version, because the way I read clauses 16 and 68 the same kind of provisions are contained. Perhaps it can be argued that no harm is done by repeating a provision two or three times, but if nothing is added or changed is it desirable to clutter up the wording or language of this proposed legislation? I hope the minister will take this into consideration.

Clause 1 makes reference to competition. Certain changes are proposed to make it clear that competition is being relied upon as an ancillary means of protecting the public interest and the national interest. It is true, as the hon. member for Mackenzie said earlier this evening, that the effect of this legislation will probably be felt for generations. It may well be that in time this will have an adverse effect on those regions of the country which are now being developed and which primarily depend on primary production and resources development. No matter how I read this bill I am forced to conclude that its effect will be detrimental to the production of natural resources and primary products in certain regions of the country.

It is my hope that the minister will consider removing from clause 1 what in my opinion is an unnecessary and ill-founded reference to competition which does not in reality exist. Before taking my place let me ask one question: Will the minister give favourable consideration to the request of the Manitoba Branch Lines Association that all applications for branch line abandonment be held in abeyance until the new legislation before us comes into effect, in order that all such applications will be dealt with under the provisions of clause 168? I know the minister is somewhat embarrassed by the assurances he gave which did not materialize, but no one is blaming him for what happened following those assurances. I understand that applications for abandonment are still being received and considered. Is it beyond the minister's ability to undertake that applications for abandonment now before the board will be held in abeyance and dealt with under the provisions of this new legislation? A straight yes or no answer in this connection would serve to clarify this situation.

Mr. Pickersgill: Perhaps I could say a word about this at once. I may be misinformed but I understand that no new applications have been received from the prairies by the Board

of Transport Commissioners. The board has received applications which, at the request of the government, have been frozen for years. The railways have agreed to withdraw all applications in respect of so-called protected lines as soon as this bill is passed. The Board of Transport Commissioners has also given me an undertaking that there will be no hearing in respect of any of these applications while this legislation is before parliament. I would prefer to wait until we reach the appropriate clauses of the bill before dealing with the question of procedure. At that time I may have one or two suggestions to make to the committee in this respect.

• (9:50 p.m.)

It is not possible to answer yes or no, because the hon. gentleman's question was not, I think, phrased in a way that would make such an answer possible. I would again emphasize that to the best of my knowledge no application has been made for years for any abandonment. All that has been done is that some steps have been taken, which I think might better not have been taken—and it may be partly my fault that they were taken—to activate some of these applications that have been pending for years. In fact, no hearings will be held while this legislation is before either house of parliament. When we come to the appropriate clause I would like, as I say, to deal further with the matter.

Mr. Horner (Acadia): Mr. Chairman, just before we pass clause 1, and I am in full agreement with going ahead with it, would the minister say how he envisages the working of this clause with regard to the integration or the co-ordination of our modes of transportation? Does clause 1, paragraphs (a), (b) and (c) suggest that there be an integrating of the modes of transportation? The minister's remarks this afternoon led me to believe that this was not envisaged. Perhaps the minister could clear my mind on this particular point. With regard to air policy, I suggested this afternoon that I might move a further amendment. The minister spoke on that suggestion and convinced me that perhaps it would be rather difficult for him to accept my amendment at this time. Rather than put him in a difficult position, I decided not to move the amendment. However, Mr. Chairman, I should like clarification on the impression the minister left me with regard to our air policy.

This afternoon the minister said that some time ago when the previous government was in office they gave greater leeway to certain airlines to bring about a greater degree of competition in the air business generally. The minister said that he was not going to rescind that policy. I was led to believe that he was in favour of it, and was in favour of going one step further in the very near future, and giving perhaps, C.P.A. more landing rights across Canada. I do not know whether that is what the minister had in mind, but that is what I gathered from his remarks. If that is so, I see the fault in his announced policy. In other words, this bill will set up a national transportation policy and a Canadian Transport Commission, but it will not be a national transportation policy with regard to air services, whether it be concerned with the movement of passengers or freight.

I mentioned this afternoon that air freight will boom in the next 10 years, as Mr. Crump, the president of the C.P.R. said. The minister said this afternoon that he will announce from time to time further policy changes with regard to air transportation. Therefore, in a sense this bill may well be setting up a transportation policy but it will not go all the way, The minister is placing himself in the position wherein he will announce a piecemeal air policy. He led me to believe that he will go a step further in the very near future with regard to C.P.A. But what about the other airlines in Canada? What is their position? What about Trans-Air, which many people in Canada used during the air strike and found very helpful? What about Ward Air? What about Mallard Air, Nordair and others? What about the other transportation companies that are in the air business? Where do they stand in the competitive field? Are they big enough to bring political or economic pressure on this minister or succeeding ministers and say, "All right. You have to advance one step further in your air policy and also give us landing rights at X number of cities across Canada".

This bill does not change the Aeronautics Act; it is just a continuance of a piecemeal policy with regard to air transportation. It will not create more competition in the air transportation field or fulfil the hopes and dreams of those people who want to expand in that field. This bill leaves those people with a depressed feeling. They do not know whether they will be able to convince the Minister of Transport at this or any other time that they are big enough to warrant further expansion. They cannot apply to the Air Transport Board. They will be able to apply under this bill for a licence to land in such-and-such a place, but this does not mean they will be granted such a licence. Therefore they will

not be able to expand their air freight business.

This bill does nothing to change the present air policy with regard to the expansion of freight movement. It is nothing more than a piecemeal, political policy and the Minister of Transport still has on his shoulders the responsibility of expanding this movement from time to time as he sees fit. That is the impression the minister has given me, and I would like to be corrected if I am wrong. I had hoped that in setting up a national transportation policy and a Canadian Transport Commission to cover all modes of transportation, the commission would be the ruling body with regard to modes of transportation. However, the minister stated this afternoon that he hopes to be able to announce in the very near future further steps in connection with such a movement. I envisage this to be the granting to C.P.A. of further landing rights. Would the minister comment on what he envisages with regard to the integrating and co-ordinating of our modes of transportation? I should like him to correct me if I am wrong, but I believe this is a piecemeal air policy and this bill will do nothing to expand our nationwide transportation policy, which takes in the whole scope of air movement.

Mr. Pickersgill: Mr. Chairman, I think that perhaps in two minutes I can deal with this question, not in a full but a summary manner. In the middle of 1964, I think it was, after I had been minister for several months, I announced three general principles that were to be applied to air policy; one relating to services outside Canada, one relating to regional carriers, and one relating to what I might call main line, transcontinental transportation. Since that time I have laid down the general guide lines for the services outside Canada, the worldwide services, the international services of the two air lines after agreement had been reached between the two of them on the division of those worldwide services. It is under that policy that the Air Transport Board is now operating, as far as international services are concerned, and it seems to be operating very satisfactorily both from the point of view of the airlines and the public.

• (10:00 p.m.)

Last October I announced a regional carrier policy just before I went out to Vancouver to the meeting of the Air Transport Association. I must say that I was deeply gratified to find that the regional carriers seemed to feel that this policy would enable them to develop in a way in which they have not been able to develop until now. Up to now I have had nothing but expressions of satisfaction from the regional carriers and from the regions in which the regional carriers operate. All I did was to lay down the guide lines which the Air Transport Board will follow and which the commission, if this bill passes, will also follow.

It is true that I have not yet completed the third phase, that is to lay down guide lines for the Air Transport Board with respect to the main line transcontinental service. The main reason that I have not done so—I confess it quite frankly—is that I have been trying very hard to get this legislation through. This is another important subject which I have to discuss with my colleagues and it is just not possible to do everything at once. However, I hope that quite soon after this legislation is completed in the house I will be able to do that and to announce it in the house. We will then have laid down the national air policy in all these three fields, along the lines of the amendment suggested by the hon. member for Saint John-Albert, and the commission will be expected to operate within the limits of that national policy. I think it will be found that the two aspects with which we have already dealt have given real satisfaction, and I hope the third one will also.

As to integration I think, the main reason for having one commission to deal with all forms of transport is to see that in those areas where competition itself is not an effective regulator we will not be spending money subsidizing two kinds of service when one would do the job, that when it is a question of providing a service of the kind suggested by the hon. member for Qu'Appelle, such as developmental services or services in areas where there is a monopoly or a quasi-monopoly, that we will provide, whether or not it requires public funds to help to provide the best kind of service, one that will meet the needs of the community best at the lowest cost.

It seems to me that the hon. gentleman's suggestion that the service must be adequate—which I have included in this amendment—does complete the three descriptions. Economic, efficient and adequate is much better than just economic and efficient, because the latter did perhaps suggest a rather scrimping attitude before the hon. member made his suggestion. I think that where you can get competition and where it does work effectively it is not desirable to have a whole lot of regulations. Here I cannot be expected to agree entirely with the hon. member for

Springfield because I think we start from a different ideological base. However, I do think that where there is no competition and services are essential it is important to have a body which can regulate efficiently to ensure an adequate service, to see that it is economic and, as far as possible, efficient. In that sense both integration and co-ordination are the objectives of the bill in which clause 1, as it is proposed now to be amended will give guidance to the commission. I hope, therefore, that the committee will see fit to accept the amendment and the amended clause.

Mr. Horner (Acadia): I should like to call it ten o'clock, so that I may study what the minister really means by integration. I leave this question with him: Will we not then be putting the transport commission into the same trouble the Interstate Commerce Commission in the United States got, as outlined so clearly by Dr. Bandeen when he appeared before the committee?

Mr. Pickersgill: I am going to make the suggestion to the committee that we carry clause 1 because there are clauses related to the commission, and this subject can be thoroughly threshed out and would be quite relevant to those clauses. This would give the impression that we were making a little progress with the bill. If it would be agreeable to the hon. gentleman, he could reserve what he has to say about that until we come to the clauses setting up the commission and his remarks would then be relevant at that stage.

Mr. Horner (Acadia): I have only one comment to make. The minister is suggesting that we pass clause 1 and that we debate this particular subject on another clause. In previous speeches I have made I have limited my remarks on integration and co-ordination to clause 1, because I think that is the only clause on which we can discuss the subject. If the minister is suggesting that I deal with the matter on some other clause, then I warn him that he is suggesting we have a wide open debate on some other clause. I would rather deal with the matter on clause 1. I may be only three minutes tomorrow, after studying his remarks, or I may accept his statements. If the minister so desires, I will agree to passing clause 1 because he has promised I may deal with these questions of integration and co-ordination under another clause. I have suggested the subject falls under clause 1.

Mr. Pickersgill: I would agree to that. I think the remarks would be particularly appropriate under the clause setting up the commission.

Mr. Bell (Saint John-Albert): We have two or three speakers who have remarks to make on clause 1. I do not believe they will be lengthy. We want to be co-operative because there has been flexibility and co-operation.

Having said that, I think we should recognize that many of these matters come under different parts of the bill, and some of them have been discussed on the first clause. For example the subject of abandonment has been discussed. Some members have said they want to speak on that, but without opening up all aspects of this big subject. I think when we get to the abandonment section—I believe it is section 314—a debate should be permitted.

Mr. Pickersgill: I think that would be well within the rules. We all know there is a tendency at ten o'clock for someone to say he will only talk for three minutes. If we start another day, we very often find the debate takes the whole day. We have had quite a number of days of debate on clause 1. If hon. gentlemen opposite would agree to deal with these subjects later, I do not believe any hon. member would be unduly restricted. I would crave the indulgence of the committee in this matter.

Mr. Knowles: Could we not agree that clause 1 stand and then clause 2, since it is the title, would have to stand as well? We could then deal with clause 3 tomorrow.

Mr. Pickersgill: Surely the hon. gentleman is giving a remarkable interpretation of the rules when he suggests that we should have two more general debates at the end of the committee's proceedings. I do not believe clause 2 should stand if clause 1 stands.

Mr. Knowles: I did not draft the bill and put two general clauses into it. I would be willing that clause 2 should carry, since it is only the title. There are one or two members of this group who would like to say something on clause 1, but we would be quite happy to have those remarks made at a later stage.

Mr. Pickersgill: I think this would not be disagreeable to me, because there are one or two hon. members of the official opposition who took a great part in the work of the committee and who are not here today. I would not like to think they were deprived of a chance of making some general observations

if they felt they desired to do so. If the committee would agree to pass the amendment so that we have before us the clause as amended, I would then ask that clause 1 stand until we have dealt with all the other clauses of the bill, and then if anyone has anything to say at the end he would be given the chance to do so.

• (10:10 p.m.)

Mr. Starr: Agreed.

Mr. Clancy: May I ask the minister what he means by guide lines, Mr. Chairman? Would he define that phrase? It has a familiar ring; I think I heard it used by the United States 18 months ago.

Mr. Pickersgill: I think I would define guide lines as lines for the guidance of the commission, in this case. I do not think I can do better than that.

The Deputy Chairman: Shall the proposed amendment carry?

Amendment agreed to.

Clause stands.

Clause 2 agreed to.

The Deputy Chairman: Shall clause 3 carry?

Mr. Knowles: Ten o'clock.

The Deputy Chairman: Shall I rise, report progress and request leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Starr: I should like to ask the government house leader whether it is the intention of the government to carry on with the debate on this bill tomorrow, and whether he can tell us what are the plans of the government for Wednesday.

Mr. McIlraith: Tomorrow we will continue the discussion of the legislation which has been before the house today. On Wednesday I propose to indicate a series of other bills or motions for discussion. On Thursday we will return to the transport bill if it is not completed.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[Mr. Pickersgill.]

[*Translation*]

CANADIAN PACIFIC—DISCONTINUANCE OF MONTREAL-QUEBEC NIGHT TRAIN SERVICE

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, a few days ago, I asked the Minister of Transport whether he would agree to lend his good offices to the population of the heartland of Quebec and more particularly to the population of the riding I represent, to prevail upon the Canadian Pacific Railway to restore the night service which was in existence a few years ago when a train for Quebec left Montreal at midnight and when another train also departed from Quebec at midnight for Montreal.

A few years ago, the Canadian Pacific discontinued that service, claiming it was unprofitable. We do not admit this, because we say—and we are ready to prove it—that if the service was unprofitable, it is because the Canadian Pacific arranged for a few years to give such deficient service that it could not be profitable and passengers were kept away. First, the train was cumbersome and very slow; leaving Montreal at midnight, arrival was at three, half past three and sometimes four o'clock. That is surely prohibitive.

We believe, Mr. Speaker, that the Canadian Pacific is obligated to serve the population, even if it is not profitable. But we deny that it is unprofitable and we are ready to prove it. Within the next few days, the municipal councils in my region, the Chambers of Commerce and all intermediate organizations interested in the economy of the Trois-Rivières and the St. Maurice regions and the heartland of Quebec will redouble their efforts with the Board of Transport Commissioners and that is why we ask for the support of the Minister of Transport, in order that the Canadian Pacific may grant us this essential service once and for all.

The people in my riding are 85 miles away from Montreal and 85 miles away from Quebec city. It must be realized that we have to deal with Montreal and Quebec city firms. One also likes to remain in Montreal once in a while, to watch some sports event, a play, a recital or simply to spend the evening with friends or relatives, and the midnight train is very convenient for the return trip. It is the same thing for Quebec city.

Mr. Speaker, there is also one particular reason for making the request this year, and this is because of Expo, which will make for a very large increase in the number of travellers. If the Canadian Pacific Railways say they are operating at a loss, we will show

them that they themselves have already found a formula enabling them to make a profit. In fact, over the past few years, namely since this service has been discontinued, we have what we call a little train. In English, it is called "Rail Diesel train", and I believe its trademark is Budd. In French, it is called "le train autorail". This little train gets us home from Montreal in two hours. The personnel on board being very limited, it is quite economical. It could very easily be put into night operation to accommodate travellers from our area wishing to spend the evening in Montreal or Quebec city and those living in Montreal or Quebec city wishing to come and spend the evening in our area.

I repeat that we, our chambers of commerce and our municipal councils, are in a position to prove to the Canadian Pacific Railways that if they improved their service along these lines, they would make a profit. At any rate, even if it did operate at a loss, we feel this service should be restored for the duration of Expo.

Moreover, I repeat that our chambers of commerce and municipal councils have been making this request for years.

The hon. minister of trade and labour in the present Quebec provincial government, the Hon. Maurice Bellemare, made such a request himself, on numerous occasions, and so have a number of other public personalities in the area.

I ask the hon. minister, not only on my behalf, but on behalf of the municipal councils in my riding and my area, the chambers of commerce, the workers associations, on behalf of all the intermediate bodies concerned with the economy of the area, to support the request which will be made in a few weeks, and to make use of the considerable influence and persuasive powers which he usually displays when he decides to support a cause to be won.

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): The hon. member for Trois-Rivières is always too flattering to me. I cannot help thinking that if he is as persuasive when he talks to the Canadian Pacific as he is when he talks to me that he will have more effect, with his representations, than I could have with mine.

Before Christmas I drew to the attention of the railway company the question the hon. gentleman had put down for discussion tonight. I regret to say that I was not in this part of Canada very much during the recess of parliament. After a few days of refreshment at Antigua—I can assure the hon. gentleman I was not with the hon. member for Winnipeg South Centre—I then went to Newfoundland—perhaps I should say, to the province of Newfoundland and Labrador. I came back only on Saturday evening and I have not yet had word from the Canadian Pacific. I am glad I have not because they will now have the advantage of reading what the hon. gentleman said this evening.

If the company had not been convinced before, I am sure that they will be wavering, after reading what the hon. gentleman has said. I can assure him that I shall add my blandishments, whatever they may be worth, to his.

IMMIGRATION—ADMISSION OF DEPUTY LEADER OF GERMAN NEO-NAZI PARTY

Mr. Milton L. Klein (Cartier): Mr. Speaker, this afternoon I asked whether admission to Adolf Von Thadden, deputy leader of the neo-nazi National Democratic party of West Germany in his announced visit to Canada, would be refused on the same grounds that his American counterpart, Rockwell, is excluded from Canada.

• (10:20 p.m.)

I wish to make a distinction between nazis and Germans. I use the cliché that there are good and bad in every nationality and race. But there is no such thing as a good nazi. The National Democratic party of Germany is a neo-nazi party and in my opinion a neo-nazi is far worse than a nazi. The person who joined the nazi party in 1933 had no means of foreseeing the extremity of cruelty which that party would represent, but the neo-nazi, the nazi of today, knows precisely what extremity of cruelty was reached. Thus a man who joins the neo-nazi party today is, I say, far worse than the man who joined the nazi party in 1933.

Some people may say we cannot exclude Von Thadden because he is the deputy leader of a party, the National Democratic party. Well, the National Democratic party is not a political party; it is a criminal conspiracy. I am not speaking now about anti-semitism; there are simply not enough Jews left in Germany against whom anti-semitism could be practised. I have in mind one of the sadder aspects of the aftermath of the second world war—the fact that we speak always of the six million Jews who were executed. Mr.

Speaker, there were six million Catholics and Protestants who were also executed by the nazis in the crematoria—Poles, Czechoslovaks, Hungarians. I think we should keep in mind that those who died in Belsen and Auschwitz were people of other than one national group.

We do not allow people who are affiliated with Murder Incorporated to come to this country; yet compared with naziism Murder Incorporated is in a minor league. By allowing neo-nazis to come here we are giving stature to a party, to an ideology, against which the whole free world fought only 20 years ago. We did not admit Rockwell. It has been said we cannot refuse entry to Von Thadden because West Germany is a member of the O.E.C.D. and because Von Thadden is a citizen of a friendly country. Well, Rockwell is a citizen of the United States, a very friendly country which is also a member of the O.E.C.D.

The minister of the interior of West Germany—his name is Dr. Paul Luecke—has stated that the National Democratic party of West Germany is neo-nazi. I do not know what steps the security officers take in Canada to determine whether a person is acceptable here or not, but it would seem to me that one of the logical steps would be to get in touch with Dr. Luecke and find out more about the neo-nazi party and its background. There are more then one million Germans and people of German descent in Canada today, and there are also the survivors of some of these infamous concentration camps, and I would say that the overwhelming majority of these million Germans in Canada, and of these survivors, would be desperately opposed to the admission of Adolf Von Thadden into Canada. They ran away from the very thing this man is trying to reimpose in Germany.

In conclusion, I would say that the most vital area in the world today, the area which is virtually an armed camp, is the area where East Germany and West Germany meet, and that the ultra nationalism of this National Democratic party might very well set the stage for a third world war, possibly by storming the wall which separates east Berlin from west Berlin, or by a similar act of that kind. I believe Canada should go on record as being opposed to any neo-nazi movement and make it clear that a person who belongs to a neo-nazi movement is not welcome here.

Hon. J. W. Pickersgill (Minister of Transport): In the unavoidable absence of my colleague the Minister of Manpower and Immigration (Mr. Marchand), let me say that this afternoon I believe the hon. member was given the only answer the government could give at the moment to this question, namely that the most earnest consideration is being given to this problem. I really cannot add very much to that.

Of course, as the hon. gentleman knows there are very few members of this house who have much more reason than I, personally, to feel that we do not want any one who is a nazi in this country on any terms whatever.

[Mr. Klein.]

NORTHERN AFFAIRS—"GRANDE HERMINE"—PERMANENT BERTH FOR REPLICA

Mr. J. R. Keays (Gaspé): Mr. Speaker, today in the absence of the Minister of Indian Affairs and Northern Development I addressed a question to the Prime Minister concerning a statement made in Quebec city on December 28 last before the Richelieu Club. The heading in *Le Soleil* of December 29 contains these words "La *'Grande Hermine'* doit aller à Gaspé". This subject has been raised many times in this house on previous occasions. It has been raised because those of us who live in the Gaspé area take great pride in the fact that Canada was born in Gaspé on July 24, 1534 when Jacques Cartier planted there the cross in the name of the king of France. We are very proud of this and therefore do not like to see a distortion of history or historical fact. We are perturbed by the fact that the Department of Indian Affairs and Northern Development has stated there is a policy that the replica of *Grande Hermine*, which now rests at Expo '67, finally will have its berth at the Cartier Brebeuf park in Quebec city.

The controversy has been going on for many months. The two files which I have in front of me here contain extracts from newspapers. These files are voluminous, and the extracts all have regard to the same subject. I have yet to find an article which supports the suggestion that the *Grande Hermine* should go to the Cartier Brebeuf park in Quebec city. Mayor Jean Drapeau of Montreal mentioned that this is a national rather than municipal matter. He invited the mayor of Quebec city, Mr. Lamontagne, to come to Gaspé and tell the people of Gaspé that they could have the *Grande Hermine* because it is their right to have such a ship. The mayor of Montreal made an offer to the mayor of Quebec city that if they would give the *Grande Hermine* to Gaspé he would endeavour to see that another ship was given to Quebec. He said that he would ask the municipal government

to offer some guarantee that another ship would go to Quebec.

It is important to note that the mayor of Quebec city found the statement made by Mayor Drapeau very interesting, said that it deserved some substantial study and that he had an open mind on the subject. When Mayor Drapeau spoke I consider he was representing a population of 2 million people. In order to put on record the number of people in the province of Quebec who favour Gaspé as the final berthing for the *Grande Hermine*, I should like to state the following. More than 500 municipalities in the province of Quebec have endorsed the petition of Gaspé in requesting that the *Grande Hermine* find its final berthing place at Gaspé—500 municipalities, plus the cities of Quebec, Asbestos, Chicoutimi, Charlesbourg, Granby, Hauterive, Joliette, Rimouski, Ville Saint-Michel, Verdun, Sept-Îles, Lachute, Rivière-du-Loup, Matane, Port Cartier, Saint-Georges-de-Beauce, and Sorel. In this area there is a population of over 1,300,000 people, whereas there is a population of 2,500,000 people in Montreal.

• (10:30 p.m.)

Among those who are in favour of berthing the *Grande Hermine* in Gaspé are the Lawrence Land Foundation for Historical Research at the University of McGill, many other historical societies and le chanoine, Lionel Groulx, and the curator of the Jacques Cartier Historical Museum at Saint-Malo in France. We have 15,000 signatures as well as many signatures of members of parliament who are in favour of Gaspé as the final resting place for this ship. There are 73 chambers of commerce in the province of Quebec also in favour of this site including the regional board of trade of Gaspé and the north shore, the board of trade of the Mauricie and the junior chamber of commerce of the city of Quebec. Among those also in favour of the Gaspé as the final resting site are the associations of hotel keepers of Gaspé and Bas-Saint-Laurent and the Press in the province of Quebec, notably *Le Soleil, l'Action, La Presse,* and the Montreal *Star*.

If the will of the majority is to be heard the government will have to reverse its decision in respect of the request of the people of Quebec for historical justice. By doing so it can help this economically depressed area to rebuild its tourist industry. I hope the final resting place of the *Grande Hermine* will be Gaspé.

Mr. Stanley Haidasz (Parliamentary Secretary to the Minister of Indian Affairs and Northern Development): Mr. Speaker, I wish to assure the hon. member for Gaspé that the remarks he has just made will be brought to the minister's attention as soon as he returns to the house. At the same time I should like to emphasize that other members of this house including the hon. member for Bonaventure (Mr. Béchard) and the Minister of Forestry and Rural Development (Mr. Sauvé) and others have expressed their interest in the historical importance of the Gaspé and the final berthing place of the *Grande Hermine*.

Let me direct the hon. members attention to the fact that it was not only the decision of the present Minister of Indian Affairs and Northern Development (Mr. Laing), but also a decision of the previous administration that the *Grande Hermine* should be a focal point of interest featured at Cartier-Brebeuf Park where Cartier wintered during his second voyage of 1535.

We fully realize the hon. member's position when faced with many requests from his constituents and others to suitably honour Cartier's association with Gaspé. But we are also aware of the expert opinion of historians as well as those who are serving our country on the Historic Sites and Monuments Board. In particular let me direct the hon. member's attention to an interesting article, by André Vachon of the University of Laval, which appeared in *La Presse* on November 23, 1966. This article states:

[*Translation*]

According to Cartier's writings, the *Grande Hermine* was unable to cast anchor at Gaspé.

[*English*]

• (10:35 p.m.)

Avoiding carefully to be carried away by passionate emotions and thought associations, he states in one of the paragraphs in this article as follows:

[*Translation*]

The conclusion is obvious: the *Grande Hermine* never went to Gaspé, Cartier did not return there after July 24, 1534. On the other hand, she spent the winter of 1535-36 at Quebec city.

[*English*]

However, Mr. Speaker, we continue to ask ourselves what should be Canada's contribution to the continuing memory of Gaspé's

place in our history. May I assure the hon. member that the Historic Sites and Monuments Board of Canada, a body established to give expert and independent advice on Canada's historical events, their importance and commemoration, should be in a position at its next meeting to make a further study of Gaspé's historical potential. After the board produces its report the minister will be able to consider its recommendations.

Motion agreed to and the house adjourned at 10.38 p.m.

HOUSE OF COMMONS

Tuesday, January 10, 1967

The house met at 2.30 p.m.

COAL

CAPE BRETON—TABLING OF POLICY STATEMENT BY PRIME MINISTER

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Mr. Speaker, I should like to table in English and in French a press release dated December 29, 1966, containing the policy statement by the Prime Minister on Cape Breton coal.

Mr. Speaker: Has the parliamentary secretary leave to table this document?

Some hon. Members: Agreed.

CANADIAN BROADCASTING CORPORATION

INQUIRY AS TO APPOINTMENT OF SUCCESSOR TO PRESIDENT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would ask the Prime Minister whether the government has yet come to a decision regarding the person to succeed Mr. Ouimet as head of the C.B.C.? Are press references correct that the Secretary of State recommended Patrick Watson, former producer of "This Hour Has Seven Days", for this position but her recommendation was not acceptable?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, no decision has been reached on the first part of the question; therefore the second part does not arise.

Mr. Diefenbaker: This matter cannot be dealt with as quickly as that. Whether or not a decision has been made—

Mr. Pickersgill: Question.

Mr. Diefenbaker: —did Patrick Watson receive the accolade of the Secretary of State?

Mr. Pearson: Mr. Speaker, the right hon. gentleman will be the first to appreciate that it is quite improper to deal with questions of cabinet consultation.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: How did it get in the press?

WOMEN

REQUEST FOR STUDY OF STATUS BY ROYAL COMMISSION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I desire to ask the right hon. Prime Minister whether the government has received a brief from the committee for equality for women asking that a royal commission be set up to look into the question of equal rights and opportunities for women, particularly with reference to employment, education, property rights, domicile, etc. I would also ask the Prime Minister whether, in view of the fact that the United Nations has designated 1968 as the international year for human rights, it would not seem advisable to appoint such a royal commission this year in order that Canada in 1968 might bring the status of women into line with that which is prevalent in some other western countries.

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, the government has received such a brief, and I may say I have received a good many communications arising out of the brief. The question was considered this morning by the government in cabinet in the absence of the Secretary of State, and it is to be considered again when the Secretary of State returns later this week.

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a supplementary question. I am pleased with the answer of the right hon. Prime Minister today because he refused to give me the same information yesterday. I am also pleased to see that members of the cabinet have not got their backs up.

Mr. Speaker: Order, please.

Mr. Douglas: On a supplementary, Mr. Speaker, may I ask the Prime Minister when we might expect some decision on this question by the government?

Mr. Pearson: Very shortly, Mr. Speaker.

Inquiries of the Ministry

[*Translation*]

HOUSE OF COMMONS

HULL, QUE.—INQUIRY AS TO BY-ELECTION

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister.

In view of the principle of no taxation without representation, is the right hon. Prime Minister considering whether to call a by-election in the constituency of Hull immediately or to exempt from any federal tax the citizens of that constituency who have now been far too long without a representative?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): That is a pretty far reaching question, and one which needs to be looked into.

VETERANS AFFAIRS

EXTENSION OF DISABILITY PENSION INCREASE TO DEPENDANTS

On the orders of the day:

Hon. Michael Starr (Ontario): I wish to address a question to the Minister of Veterans Affairs and ask him whether during this session of parliament he intends to apply the 15 per cent raise, which at present is given only to disability pensioners, as an over-all increase which would include the veterans wives and children or orphans.

Hon. Roger Teillet (Minister of Veterans Affairs): It is very difficult to give a direct answer to that question. I have no idea how long the present session may last. I will not be able to give a specific answer until I receive the report on this matter which I indicated previously I was awaiting.

Mr. G. L. Chatterton (Esquimalt-Saanich): I have a supplementary question. The minister indicated that the 15 per cent basic increase would be granted by way of estimates. Is it to be understood that any increase to dependants would also be granted by way of estimates?

Mr. Teillet: I am not sure that I understood the purport of that question. If the hon. member is inquiring as to the manner in which this increase will be presented to the house my answer would be that this will have to be determined by the circumstances at that time. Under certain circumstances it can be done by way of estimates; however, if legislation is involved perhaps a bill might have to be brought in. I am afraid I cannot be specific in giving an answer to this question.

[Mr. Pearson.]

Mr. Starr: I have a further supplementary. Can the Minister of Veterans Affairs say whether a decision has been reached to make this 15 per cent increase apply over all, that is to wives and children or orphans?

Mr. Teillet: This was considered very seriously at the time the increase was decided upon. However since, as I have indicated, any decision at that time would have had to be arbitrary we decided that the 15 per cent would be a temporary adjustment until we could come up with something a little more specific and basic.

FINANCE

TAX REFUNDS TO PRIVATE COMPANIES OPERATING PUBLIC UTILITIES

On the orders of the day:

Hon. D. S. Harkness (Calgary North): I should like to address a question to the Minister of Finance. Can the minister give us the date for the tax refunds to privately owned companies operating public utilities? Of course the moneys would be returned to the customers of those companies.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I should like to take notice of that question.

BANKRUPTCY

NORTH AMERICAN GENERAL INSURANCE CO.—REQUEST FOR INQUIRY

On the orders of the day:

Mr. David Lewis (York South): Mr. Speak-Speaker, yesterday a question was put to the right hon. Prime Minister as to whether the government would consider a joint judicial inquiry into the collapse of Prudential Finance, and he expressed the view that that was not desirable. Then I asked the Prime Minister whether the government would consider a federal judicial inquiry covering North American General Insurance which would, of course, involve Prudential Finance. The right hon. gentleman said he would be glad to discuss this matter with the Minister of Finance. May I now ask the Minister of Finance whether he is considering the setting up of such a judicial inquiry, and if so how soon?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the government is not considering establishing any judicial inquiry for this purpose. So far as North American General Insurance Company is concerned, on a number of occasions I have given the facts and the

reasons for the failure of this insurance company. Discussions are now proceeding between the federal government and the governments of Ontario and Quebec as to what charges should be laid and under what jurisdictions.

I am proposing also to meet with the provincial governments to discuss the action that each of us should take in our own jurisdictions to provide greater protection for the investor in finance companies. I do not think any purpose would be served by a judicial inquiry into the failure of North American General Insurance. The facts are very well known. This is a case of what I would describe as theft; I think that is the best way of describing the situation.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to ask the minister why a judicial investigation into this matter should not be granted? Does the minister not feel such a judicial investigation would reassure those who believe in the integrity of Canadian insurance companies, who believe that inspection would protect them against being defrauded of their investments? Does he not think a royal commission would be helpful in protecting Canada's international face, from a financial standpoint, and enabling our reputation for integrity to be maintained in the future? In addition, is the minister still of the opinion that there should be no compensation to those poor people who have lost all because they depended upon the department to carry out an investigation?

Mr. Sharp: The answer to the first question put by the right hon. gentleman is no, I do not think a judicial inquiry would be the best way of protecting the good name of our financial institutions. Second, I think the right hon. gentleman is creating quite a wrong impression about the effect of the failure of North American General Insurance Company. I should like to say here, because I think this misunderstanding is widespread, that this is not a life insurance company. It writes general insurance and the amount of loss involved, I hope, will be quite small.

Mr. Diefenbaker: I have one other question. What is the estimated amount of loss? If the minister is able to say it will be small he must have some idea of the amount.

Mr. Sharp: I would be able to answer this question after all the facts are fully known. I hesitate to make a guess.

Mr. Diefenbaker: So it is just guess work.

Mr. Lewis: I was going to ask the minister a two part supplementary question. Does he not think there would be value in an inquiry to find out the breakdown in communication between the federal and provincial governments since the beginning of last year? Second, does he not think the federal government has some responsibility to the policy-holders of North American General Insurance for the losses they have sustained as a result of that failure in communication?

Mr. Sharp: Mr. Speaker, I deny there was a failure in communication. When this question of information allegedly given by Mr. Gruber was mentioned in the house before, I indicated that I would have no objection to having Mr. Gruber brought before any committee to tell of the representations he made. This might be a useful thing to do. I certainly would have no objection to that course of action.

I do not believe, Mr. Speaker, that the federal government should undertake to compensate the policyholders of North American General. Once again I want to make it quite clear that these are not life insurance policies. These are fire, theft and so on; general insurance policies. I intend on the 18th of this month to meet with the insurance companies to ascertain whether it would be possible to improve our laws to give greater protection to policyholders in such companies.

This is quite a separate question. This was a case of fraud, and it is extremely difficult to protect the general public against the consequences.

Mr. Lloyd R. Crouse (Queens-Lunenburg): A supplementary question to the Minister of Finance. While he is giving consideration to softening the loss of those who invested in these companies, would he also give consideration to the question I asked the Prime Minister yesterday in the absence of the Minister of Finance about making up the loss suffered by the holders of the 3 per cent perpetual bonds, which—

Mr. Speaker: Order, please. This is not a supplementary question.

Mr. Crouse: Mr. Speaker, this question does deserve an answer, and it is urgent because the bonds—

Inquiries of the Ministry

Mr. Speaker: Order, please. The hon. member rose under the guise of asking a supplementary question and this is not a supplementary question. He may have an opportunity later on to ask the question in the usual way.

Mr. Crouse: Mr. Speaker, I asked the Prime Minister this question yesterday, and in reply he said he would discuss the matter with the Minister of Finance.

Mr. Speaker: Order. I recognize the hon. member for Kamloops.

THE CANADIAN ECONOMY

STEPS TO MEET INCREASE IN COST OF LIVING

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I have a question for the Minister of Finance but it is not supplementary. My question is whether the minister's attention has been drawn to the fact that during the month of December the cost of living index rose again and is now at a record high. If so, has the minister any legislative or other measures to propose to the house to relieve all sections of society, the producer as well as the consumer, from this constant upward pressure of prices?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I hope I shall have the support of the hon. gentleman and of members of his party in the measures we have been taking to try to reduce inflationary pressures in the economy. By way of answer to the first part of his question may I say that the increase in prices is just about what I had predicted at the time of my budget in March.

Mr. Fulton: A supplementary question. I should like to ask the minister whether we are to take it from his answer that he thinks he has solved the problem, or has he any further effective measure to propose to relieve the economy from this constant daily upward pressure of prices? Does he really believe, as he is reported to have said yesterday, that he has in fact brought the economy into equilibrium when we now have the cost of living moving to an all-time high?

Mr. Sharp: Mr. Speaker, I think it is most important for an understanding of the situation we are in today to recognize that as a result of the increases in costs that have already taken place there is likely to be a continuation of some increase in prices. I hope it will be much more moderate than it has been in the past. I am very happy to say that we live in a country with a rate of increase in the cost of living which is among the lowest of all civilized countries.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I have a supplementary question for the Minister of Finance. I asked this question of the Prime Minister yesterday in the absence of the Minister of Finance, but now he is here may I put it to him. What events have transpired in the last four months to change his attitude with respect to the increase in the price of steel, which in September he asked be deferred but to which he has now acquiesced.

Mr. Sharp: Mr. Speaker, before the Steel Company of Canada made their recent increase they consulted with me. I expressed appreciation of the action the company had taken in September when I asked them to defer any price increase. This made a very useful contribution to stability during this period. I did not feel that the government would be justified now in asking for any further deferment.

Mr. Douglas: A supplementary question. Do I take it that the minister's policy will now be to ask companies which would increase their prices to defer any increase for four months, and then the minister will allow the increase to take place?

Mr. Speaker: Order, please.

[*Translation*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Roland Godin (Portneuf): Mr. Speaker, I should like to put a question to the right hon. Prime Minister.

We learned recently, through the newspapers, how concerned the Prime Minister was about the future of Canadians who accept, through dedication and generosity, the position of governor general.

Perhaps the right hon. Prime Minister might give us his impressions on the fate of all the other older Canadian citizens who have never earned more than $2,500 a year and who will have to manage on a monthly pension of $105?

Mr. Speaker: Order. I do not believe—

Mr. Godin: Mr. Speaker, I only have a few words to add. Since—

Mr. Speaker: Order. The question of the hon. member is out of order.

NATIONAL ANTHEM

SUGGESTED DIVISION OF RESOLUTION ON ORDER PAPER

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I have a question for the right hon. Prime Minister.

In order to enable the hon. members to express their views more freely on the resolution concerning the national anthem, would the government consider dividing the resolution and allowing separate votes on the national anthem and on other distinct proposals contained in the resolution?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it would be quite improper for me to express an opinion on how a vote should be taken in respect of a resolution which has not yet been submitted to a committee and on which no report has yet been made.

FINANCE

DISCUSSIONS RESPECTING CORPORATION LEGISLATION, SECURITIES COMMISSION, ETC.

On the orders of the day:

Hon. George Hees (Northumberland): My question is addressed to the Minister of Finance, Mr. Speaker. Could the minister outline to the house the progress he is making, in conjunction with the provincial authorities concerned, in moving toward the setting up of a Canadian exchange and securities commission?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I do not think this question should be addressed to me. This is not in my ministerial responsibility. The question, I think, should be addressed to the Acting Registrar General.

Hon. John N. Turner (Member of the Administration): At an official level there have been discussions between federal officials and officials of the ten provinces toward bringing in uniform legislation affecting the Corporations Act, and affecting the issuance of securities. In due course legislation will be announced. The establishment of a federal securities commission is still a long way off. To establish it we shall need unanimous consent under the constitution.

Hon. Alvin Hamilton (Qu'Appelle): I have a supplementary question to address to the Acting Registrar General. In the negotiations with the provinces for the unanimous acceptance of conditions under which the federal government can set up a national securities exchange commission, has the government in its thinking gone farther and accepted the recommendations of the royal commission to the effect that there should be relationships between our commission and the securities exchange commission of the United States?

Mr. Turner: We have accepted the position that the federal government will need the support and consent of the provinces, particularly of Ontario, Quebec and British Columbia, where the majority of securities are issued. At the moment we are proceeding toward uniformity in legislation, better co-ordination in securing information, and policing of potential security violations. That is the current stage of negotiations.

Mr. Hamilton: May I ask a supplementary question. Do I understand that no thought has been given to following the recommendations of the Porter commission respecting the establishment of relationships on securities regulations, with the securities exchange commission of the United States?

Mr. Speaker: Order, please. It seems to me that the question as asked is argumentative.

NATIONAL DEFENCE

INQUIRY AS TO NEW LOCATION OF CANADIAN FORCES IN FRANCE

On the orders of the day:

Mr. E. Nasserden (Rosthern): My question is addressed to the Minister of National Defence. Can the minister tell us the new location for the Canadian forces now at Marville, in France?

Hon. Paul Hellyer (Minister of National Defence): I hope to be able to make an announcement fairly shortly, Mr. Speaker. We have been negotiating for some time. I sincerely hope that it will not be many days before I can make an official announcement.

CANADA ASSISTANCE PLAN

INQUIRY AS TO PREPARATION OF REGULATIONS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I wish to address a question to the Minister of National Health and Welfare. Can the minister tell the house whether the regulations under the Canada Assistance Plan have as yet been drawn up? If they have, have they been submitted to the provinces for discussion and approval?

Inquiries of the Ministry

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, a preliminary draft of the regulations has been drawn as the result of consultations with provinces. This draft has been submitted to provinces for comment which we are now receiving.

FISHERIES

BRITISH COLUMBIA—REQUEST FOR NET-FREE CORRIDOR ALONG SHORE LINE

On the orders of the day:

Mr. D. W. Groos (Victoria (B.C.)): I have a question for the Minister of Fisheries which is of urgency, considering that the recommendations of the international Pacific salmon commission for the coming fishing season are due within a matter of days. May I ask the minister whether he has received an appeal from sports fishing and conservation groups on lower Vancouver island asking that a two mile wide net-free corridor be left along the Canadian Juan de Fuca shore line as is done along the United States shore line. If so, would the hon. gentleman care to comment on this very reasonable request?

Hon. H. J. Robichaud (Minister of Fisheries): I did receive representations last week from the organizations referred to by my hon. friend, and their request is now under consideration.

Mr. Frank Howard (Skeena): As a supplementary question may I ask the Minister of Fisheries, or possibly his colleague the Secretary of State for External Affairs, whether they will move with as much speed with respect to the all-important geographic co-ordinates to the straight base lines, a matter which has been hanging fire for three years now. Make it a centennial project.

Mr. Robichaud: I wish to inform the hon. member that the government is moving as fast as possible.

Some hon. Members: Oh, oh.

Mr. Robichaud: The hon. member seems to forget the commitment which was made to members of this house that the co-ordinates would be established after negotiation with the countries involved.

Mr. Howard: A further supplementary question. Would the minister mind getting his movement out of neutral and into some sort of gear so that progress can be made?

[Mr. Nesbitt.]

INDUSTRY

SAFETY FEATURES ON CANADIAN CARS EXPORTED TO U.S.

On the orders of the day:

Mr. A. D. Hales (Wellington South): I have a question for the Minister of Industry. Is it a fact that cars built in Canada for export to the United States will incorporate the built-in safety features which are prescribed by the United States government?

Hon. C. M. Drury (Minister of Industry): Upon their importation into the United States cars are required to conform with the safety requirements of the United States government. It is therefore reasonable to assume that cars built in Canada for the purpose of export to the United States would incorporate these features.

Mr. Hales: Will those same cars, or similar cars, be made available to the Canadian public?

Mr. Drury: To the best of my knowledge they will be.

Mr. Donald MacInnis (Cape Breton South): Are we to understand from the minister's answer that the cars built in Canada will meet the safety standards set by the United States government, although the United States manufacturers themselves are not doing so? How can we do it in Canada?

Mr. Drury: I do not accept the premise that United States car manufacturers are not meeting the requirements of the United States government.

Mr. MacInnis (Cape Breton South): Can the minister deny that the United States car manufacturers have informed the United States government that they cannot meet these requirements which have been established?

An hon. Member: What has this to do with Canada?

Mr. Starr: Because many cars are being produced in the United States now, and we are getting them.

Mr. D. V. Pugh (Okanagan Boundary): The minister used the words "reasonable to assume" in the course of his answer. I would ask him whether he has taken up this important question with his opposite number in the United States.

Mr. Drury: I am not sure what the important question is.

Mr. Pugh: The question I asked was a supplementary question. The important question had to do with safety requirements incorporated into cars produced in Canada, or in the United States for use in Canada.

Mr. Drury: I said that cars manufactured in Canada for export to the United States will be required by United States regulations to conform with the standards set by law.

POST OFFICE DEPARTMENT

SUGGESTED CENTENNIAL STAMP HONOURING SIR JOHN A. MACDONALD

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): My question is addressed to the Postmaster General whose department today released a pamphlet describing the commemorative postage stamp to be used during the centenary year. The significant date is January 11, and since this day coincides with the birthday of our first Canadian prime minister, Sir John A. Macdonald, many Canadians will deplore the lack of reference to Sir John on the commemorative stamp. Has the department any plan to issue a stamp during the centennial year in honour of this distinguished Canadian?

Some hon. Members: Hear, hear.

Hon. Jean-Pierre Côté (Postmaster General): I cannot say there is no reference to Sir John A. Macdonald on this stamp; there is a lot of blue on it. As to the second part of the question, I will take it as notice.

FINANCE

PERPETUAL BONDS—INQUIRY AS TO REPLACEMENT

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I address my question to the Minister of Finance, and I hope it is in order this time. Will the minister give consideration to making replacement bonds available for the 1936 $100 Dominion of Canada bonds which are today worth $54, and which were callable or replaceable on September 15, 1966?

Hon. Mitchell Sharp (Minister of Finance): It is my understanding that those replacement bonds are already being issued; I have been checking with my department to find out exactly where the process stands. I know that I authorized the issue of replacements some time ago.

Mr. Crouse: I assume the minister has already made plans for the insurance of replacement bonds. Would he notify the banks, because I think the banks do not have this information?

Mr. Sharp: I am sure the banks are well aware of the announcement I made when these bonds became callable, that we did not intend to retire them and that they would be replaced by bonds with suitable coupons on them. They are well aware of that. I will have to inquire as to when the bonds will be in the hands of the banks.

ATLANTIC DEVELOPMENT BOARD

CURTAILMENT OF PROJECTS RESULTING FROM STAFF SHORTAGES

On the orders of the day:

Mr. David MacDonald (Prince): I wish to direct my question to the Minister of Transport. It relates to the written answer given yesterday to my hon. friend from Kings with regard to staff shortages affecting the Atlantic Development Board and the resulting curtailment of projects. Can the minister tell us which specific projects are being curtailed as a result of the staff shortages?

Hon. J. W. Pickersgill (Minister of Transport): I do not think I could be expected to give detailed information of this kind without referring to the Atlantic Development Board. I will be very glad to make such a reference.

SHIPPING

ST. LAWRENCE SEAWAY—REQUEST FOR STATEMENT ON ACCIDENTS

On the orders of the day:

Hon. J. W. Pickersgill (Minister of Transport): May I take this opportunity to reply to a question asked me before Christmas by the hon. member for Skeena, who was unkind enough to remind me of it yesterday when I did not have my answers ready. I have the answers today.

With respect to the vessel *Ontario Power*, the report of the investigation into this shipping accident should be ready for release in a few days and I will be glad to send the hon. gentleman a copy.

With respect to the very regrettable accident to the motor ship *Cabot*, Mr. Justice Chevalier of Hull, Quebec, a member of the Quebec Superior Court, will preside over a formal investigation at Montreal into the circumstances surrounding the capsizing of this

vessel. I had intended to make this announcement in the ordinary course of today or tomorrow but I am happy to make it here in the house in response to the hon. gentleman.

Mr. Frank Howard (Skeena): Would the minister be good enough to make available the terms of reference furnished to Mr. Justice Chevalier as the commissioner, and the questions to which answers are sought?

Mr. Pickersgill: I will be glad to send the relevant documents to the hon. gentleman.

CANADIAN PACIFIC RAILWAY

LETTER OF INTENT RESPECTING PAYMENT OF MUNICIPAL TAXES

On the orders of the day:

Mr. H. R. Ballard (Calgary South): I should like to address a question to the Minister of Transport. In the light of the indication given by the minister on December 20 I wish to ask him whether he has been in touch with the C.P.R. with respect to its letter of intent concerning payment of municipal taxes by the C.P.R. commencing January 1. Is the company willing to forgive this house for carrying the transport bill over into the present year for a short period, and can we take it for granted that the C.P.R. is prepared to pay some municipal taxation this year?

Hon. J. W. Pickersgill (Minister of Transport): It would be humiliating for me and somewhat contemptuous of parliament to make any request of a formal character to the C.P.R. until the legislation has been disposed of. As soon as parliament has seen fit to deal with the legislation I shall be very happy indeed to make an approach to the C.P.R.

Mr. J. H. Horner (Acadia): As a supplementary question on that very point, the minister stated on December 20 last that he would be in contact with the C.P.R. to see whether they would be in an agreeable mood to recognize the letter they had written him with regard to tax payments. I would like to ask, has he been in contact with the C.P.R. and are they in a forgiveable mood for carrying this bill three weeks past the deadline they set out in their letter?

Mr. Pickersgill: Mr. Speaker, the hon. gentleman has phrased his question more elegantly than the hon. member for Calgary South,

[Mr. Pickersgill.]

but it is exactly the same question and the same answer applies.

Mr. Horner (Acadia): Then can I assume the minister has not carried out what he told the house he would do on Tuesday, December 20? On that date he said he would be in contact with the C.P.R. This is a simple question. Has he been in touch with the C.P.R. in regard to this matter?

Mr. Pickersgill: Mr. Speaker, if I might give a simple answer to a simple question, I shall be in contact with the C.P.R. as soon as the legislation has been dealt with by the house.

Mr. Horner (Acadia): But you have not been in contact with them since December 20?

Mr. Pickersgill: Not on this particular subject.

Mr. Thomas M. Bell (Saint John-Albert): As a further supplementary question, in view of the fact that the minister made this in the nature of a threat before Christmas, does he not feel that in the interests of getting the bill through the house as soon as possible he should now, or later today, give some indication of the attitude of the railway on this matter?

Mr. Speaker: Order. I have the impression that this type of discussion might best take place when the house is in committee discussing the bill to which reference has just been made.

PUBLIC SERVICE

SUPERANNUATED FEDERAL EMPLOYEES—CONSIDERATION OF PENSIONS BY JOINT COMMITTEE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Public Works in his capacity as house leader. Will the house leader arrange for the motion referring the question of the pensions of retired civil servants to the joint committee on the public service, notice of which has been given by the President of the Treasury Board and which is most welcome, to be called at the earliest possible date?

Hon. G. J. McIlraith (Minister of Public Works): Yes, Mr. Speaker. I hope to have it on the list of business for the house to consider tomorrow.

CANADIAN CENTENNIAL

REPORT OF YOUTH COUNCIL ON PROPOSED YOUTH SEMINAR

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, I would like to direct a question to the Prime Minister. Can he now tell us whether the cabinet has received, considered, dealt with and, if so, in what manner, a preliminary report or a further report from the Canadian Youth Council on plans for a centennial youth seminar some time during 1967?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not recall having received another report on this matter. Perhaps the Secretary of State has, and I shall consult her on her return, but the matter has not yet come before the cabinet in any amended form.

[*Translation*]

SOCIAL SECURITY

SUGGESTED INCREASES IN VARIOUS PENSION PAYMENTS

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I wish to direct a question to the hon. Minister of National Health and Welfare.

Has the hon. Minister of National Health and Welfare recently met with provincial health ministers, with a view to increasing old age assistance allowances, blind persons allowances and disabled persons allowances, so as to bring them to the same level as the minimum guaranteed income provided by the old age security pension.

[*English*]

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, no consultations have been held since our consultations with respect to the Canada Assistance Plan, which will make it possible for provinces on a shared basis to make any increase they wish in allowances to the groups mentioned.

[*Translation*]

AGRICULTURE

BUTTER—REQUEST FOR ENCOURAGEMENT OF PRODUCTION

On the orders of the day:

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I wish to direct a question to the Minister of Agriculture.

Following the recent announcement that 2.5 million pounds of butter will be imported from New Zealand, does the minister intend

to set up a program to encourage the Canadian farmers to produce enought butter to meet our domestic needs?

[*English*]

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, the government's dairy program will be announced in the normal course prior to the commencement of the next dairy year.

[*Translation*]

Mr. Ricard: Is the minister implying that no policy has been established to date?

Mr. Speaker: Order.

UNITED NATIONS

CANADIAN ATTITUDE TOWARD ADMISSION OF MAINLAND CHINA

On the orders of the day:

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I wish to put a question to the Secretary of State for External Affairs.

In view of the grave troubles now occurring in continental China is it the intention of the government to withhold their support for communist China membership in the United Nations until the situation has improved within that country?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I have answered yesterday a similar question put to me by the right hon. Leader of the Opposition.

Mr. Valade: Mr. Speaker, I should like to put a supplementary question.

I should like to know whether the hon. Secretary of State for External Affairs intends to withdraw his official support or whether he will withdraw his support for the recognition of communist China in the United Nations?

[*English*]

Mr. Speaker: Order, please.

EXTERNAL AFFAIRS

DRAFTING OF CANADIAN CITIZENS INTO U.S. ARMY

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Can the minister give the house any information as to whether a Canadian citizen who entered the United States last year could be forcibly

drafted into the United States army, and what steps could be taken to get him back into Canada again?

Mr. Speaker: Order, please. I doubt whether the question is appropriate at this time.

Mr. Rapp: This is a very urgent question, Mr. Speaker.

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, this question, which I am sure involves the terms and conditions under which Canadian citizens enter the United States, could be more properly dealt with by my colleague the Secretary of State for External Affairs.

Some hon. Members: Oh, oh.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, we await elucidation from the Secretary of State for External Affairs. Will he say whether representations have been made to the United States against the injustice of calling up Canadians who are in the United States for but a short period, putting them into the armed forces and denying them their rights as Canadian citizens?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, my right hon. friend has a great and enviable capacity of asking questions that are not necessarily based on facts—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: We get that from reading the statements of the hon. gentleman.

Mr. Martin (Essex East): The question he asks me now is just of that nature, and no reply that one could give to him would satisfy a question that is so falsely based. I can only say that if those are the facts then there might be occasion to make some kind of representations, but my examination of the law of the United States does not warrant the conclusion that my right hon. friend has made with regard to such hypothetical, non-existent situations.

Mr. Diefenbaker: Mr. Speaker, I am not surprised at the answer given by the hon. gentleman. There are none so blind as those who will not see, and the hon. gentleman has company in the Minister of Transport in that connection. I ask the minister this: Is it a fact that Canadians who are temporarily in the United States for a short period of time are being called up and placed in the United States armed forces? Has the minister received no such complaints, or was he away while the complaints were directed to his notice?

[Mr. Rapp.]

Mr. Martin (Essex East): Mr. Speaker, I do not believe any Canadian who is temporarily in the United States on a visit, a short stay, would be covered by the military service act in the United States. There is no doubt that under the laws of the United States Canadians who are in that country for a specified period of time and who are engaged in gainful employment in certain categories are liable to call up. That is the law of the United States. If there is any situation such as would be embraced by my right hon. friend's question, I shall certainly examine it, but I can say I have had no such complaints whatsoever, and I must repeat that I do not think it is fair to put questions in the house unless one is reasonably certain that there is ground for putting them.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Mr. Speaker, I have a right to reply to that insinuation. Let me say that every suggestion in every question I have asked this government has turned out to be correct even though the government has brushed them aside. Let me give the minister an example of what I mean.

Some hon. Members: Order.

Mr. Diefenbaker: I am speaking to a question of privilege.

Mr. Speaker: Order, please. I understand the right hon. leader of the opposition is speaking to a question of privilege.

Mr. Diefenbaker: Some weeks ago I asked the minister a question regarding 1,500 gallons of gas allegedly delivered to Rhodesia. The minister said that was quite ridiculous and that no such thing had taken place. His department had notice of that fact three weeks before the minister denied it in this house. Finally, about three weeks ago, he had to admit that the suggestion was in fact correct.

Mr. Martin (Essex East): Mr. Speaker, my right hon. friend has placed before the house a good example of the kind of thing about which I registered a complaint a few moments ago. He has set up a straw man and has said the minister denied that the delivery took place. I never denied it. What I said was that I would make an examination, and I have made an examination.

Mr. Diefenbaker: You said it did not happen.

Mr. Martin (Essex East): The gasoline did not come from Canada, as I think my right hon. friend knows; it came from South Africa.

Mr. Fulton: I have a supplementary question.

Mr. Speaker: Order, please. I should remind hon. members that we have gone three or four minutes beyond the time allotted for questions. Orders of the day.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Monday, January 9, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: When the committee rose yesterday clause 3 was about to be discussed.

On clause 3—*Definitions. "Commission." "Commodity pipeline".*

Mr. Horner (Acadia): Mr. Chairman, I am not sure this is the clause in respect of which I should talk about the commission, but this clause does define and set up the commission.

The Chairman: Order, please. I apologize for interrupting the hon. member but there is far too much noise in the chamber. It is difficult for the chair to hear what is being said by the hon. member for Acadia.

Mr. Horner (Acadia): Thank you, Mr. Chairman. I should like to say a word or two in respect of two specific subjects before we proceed further with this bill. Let me deal first with the subject of the question asked a short while ago by the hon. member for Calgary South, regarding the letter of intent sent to the minister some time last fall. This letter was tabled in the house and made an appendix to *Hansard* of September 8.

The C.P.R. stated in that letter of intent that it was prepared to pay municipal taxes to cities and municipalities in which it held property. It outlined the implementation of this intent in terms which stated that one third would be effective in the year commencing January 1 after the legislation was enacted modernizing and rationalizing existing legislation and taking into account certain other things. If the wording of that letter is strictly interpreted, then the first one third will be implemented January 1, 1968, providing this legislation is passed this year. In other words it does not matter whether we debate this legislation for the rest of this year so far as the tax commitments are concerned. I should like that point cleared up before we proceed.

In all fairness to members of this committee the minister should indicate whether he has been in touch with officials of the C.P.R. to determine whether they are prepared to ignore the exact wording of that letter of intent. This legislation was not passed before the end of last December through no fault of the members of this house or the municipalities concerned. If anyone is at fault it is perhaps the government. Before we proceed further the minister should consult with officials of the C.P.R. in an effort to determine whether they will ignore the exact wording of that letter and comply with the obvious original intent of the tax commitment.

Let me refer to what the minister said in this regard as recorded at page 11374 of *Hansard* for December 30. At the top of that page the minister is recorded as having said:

> This is a voluntary undertaking and while I could ask the company to overlook the fact that we have not found it possible to act by the end of December—and I would naturally be glad to do this—we must remember that this offer was made in anticipation of the freedom which would be granted under this new legislation. This freedom would enable the railways to compete for revenue in a way in which they are not able to compete at present.

The minister left us with the impression before Christmas that he would be glad to ask the officials of the railway companies, particularly of the C.P.R., whether they would overlook the exact wording of the letter which states that the tax commitment would commence January 1 after this legislation was passed. The hon. member for Calgary South posed a very appropriate question this afternoon when he asked the minister whether he had contacted the officials of the C.P.R. to determine whether they were prepared to overlook the exact wording of that letter.

I have never regarded the Minister of Transport as one who could be accused of not being a hard-working minister. He has always impressed me as one who considered every piece of legislation he presented to the house, and one who would leave no stone unturned in honouring commitments he made to the house. He has shown another side of his character which has not been obvious, in that he

has not been in touch with the C.P.R. regarding the wording of this letter.

The minister should make it clear that he in fact did make a commitment on December 20 to contact officials of the C.P.R. regarding this tax commitment. The C.P.R. is a big company, and this tax commitment while generous represents only a small item in relation to its vast expenses. I firmly believe the C.P.R. does wish to become recognized as a good corporate citizen, to use the minister's own words. I am not suggesting the C.P.R. has not in the past been a good corporate citizen, but this letter of intent would prove that to anyone who had any doubt regarding the C.P.R. management.

Surely the C.P.R. will forgive this parliament for taking some three weeks of this month to discuss and pass this legislation and will recognize the original intent and honour the tax commitment as of January 1, 1967, at least on a prorated basis. In other words, if we take one month of this year and 11 months are left, maybe they could pay to the various cities all across western Canada eleven twelfths of the tax they would have paid if parliament had been permitted to pass this legislation by January 1, 1967. I think the least the minister could do would be to ascertain from the C.P.R. whether they are prepared to honour the commitment made in this letter and pay their taxes as if this legislation had been passed by January 1. If not, are they prepared to pay their taxes on a prorated basis when the legislation is passed? That is the first point I want to make, Mr. Chairman. I sincerely hope the minister will deal with it before we proceed much further with this legislation.

Last night I stated to the minister that I was prepared to allow clause 1 to pass if he would clarify the position with regard to the integration and co-ordination of our modes of transportation. Because clause 1 has been stood I should be glad not to deal further with this question at the moment, if the minister is prepared to answer my first question, and I see that he is.

• (3:30 p.m.)

Mr. Pickersgill: Mr. Chairman, dealing with the second point first, if the hon. gentleman would raise his point about integration and co-ordination when we reach clause 6, dealing with the constitution of the commission, I think that would be the most appropriate place in the bill to raise it. With respect to the question the hon. gentleman has raised, which if of course not strictly related to the bill, I am very anxious to clear it up—

[Mr. Horner (Acadia).]

Mr. Horner (Acadia): It is not strictly related to the bill but we would like to know what the position is.

Mr. Pickersgill: —in a way that it is very difficult to do when answering questions on the orders of the day. I should like to read, if you will permit me to do so, sir, and comment briefly on exactly what I said on December 20. I was asked a question by the hon. member for Medicine Hat, which, together with my answer, will be found at page 11359 of *Hansard* for December 20.

Mr. Olson: I have a supplementary question, Mr. Speaker. I wonder whether the Minister of Transport could not give some indication to these municipalities, because they will need it in their budgeting for 1967. We do not have the bill before us and if this information is not supplied the municipalities would still need some indication before the end of the year.

Mr. Pickersgill: Mr. Speaker, it would be useful to answer this question, if you will permit me, and to say that, as hon. members are already aware, the Canadian Pacific Railway Company has agreed voluntarily to give up an immunity which this parliament could not take away from it without introducing a constitutional amendment. The most that I could do would be to pass on the representations of the hon. gentleman, my own and anyone else's about this matter. However, apart from that, it seems to me that it would be better to discuss this matter when we can have some give and take across the floor of the house and I hope that this will not be delayed long.

Then at page 11374, as the hon. gentleman read, I said with respect to the letter of the C.P.R.:

This is a voluntary undertaking and while I could ask the company to overlook the fact that we have not found it possible to act by the end of December —and I would naturally be glad to do this—we must remember that this offer was made in anticipation of the freedom which would be granted under this new legislation. This freedom would enable the railways to compete for revenue in a way in which they are not able to compete at present.

Since the company is paying money out of its own treasury on the assumption that it will get this extra revenue, it would be rather humiliating for the government to have to say: notwithstanding the fact that we could not do what we had hoped and expected to do to enable you to earn these additional sums, we would nevertheless like you to pay these taxes. I hope that if we do not take too long in our consideration of this legislation in the new year the C.P.R. might, from the point of view of public relations, be disposed to listen to some such prayer. But there is no—

It says "now" here, but that is an obvious misprint.

—way of compelling the company to do so.

I think I probably misled hon. members by an utterly truthful answer that I gave. I did

not personally draw these things to the attention of the Canadian Pacific Railway Company but immediately afterwards I had them drawn to their attention by a member of my staff. I was quite well aware that they knew what had been said by other hon. members and by me about this matter. I also said, of course, that I would be glad to make a request to them, and I stand by that. But I do not see how I can make a very reasonable request to the company until we have some notion about the length of time that is going to be taken to pass this legislation. I would hope that if this bill passes relatively quickly—I express this hope without any consultation with the company, and I prefer it to be that way—in the next week or so, the C.P.R. would overlook the delay altogether.

I would also hope that the C.P.R. would be disposed, if there is a rather prolonged delay, to accept the not unreasonable suggestion made a few moments ago by the hon. member for Acadia, namely, that there should be some prorating in this regard. I would hope they would do that. But we must remember that they have taken the initiative, which has been relatively rare on the part of taxpayers of this country, of voluntarily giving up an immunity from taxation, or of agreeing to do so if we do certain things in return.

I was not joking at all when I said I thought before the bill was passed it would be rather humiliating for me to make such a request and also contemptuous. Perhaps I should not say "contemptuous" but what I mean in using that word is that I should not take for granted and neither should any other hon. member, especially a member of the government, that parliament is going to act by a certain date. When parliament has acted I feel that, the action having been taken, I could go to the Canadian Pacific Railway and make urgent representations to them. But I would feel rather humiliated in doing so on a contingent basis.

However, Mr. Chairman, I can assure the hon. gentleman that everything that is being said here today will be conveyed, not by me personally but by members of my staff, to the company and the senior officers of the company will be well aware of the disposition of the house. I do not think there is anything more I can reasonably say about the matter.

Mr. Baldwin: Mr. Chairman, could I ask the minister a question in this regard? This matter has been discussed and there may be other opportunities to discuss it, but what has been running through my mind ever since I first heard of this letter—and I strongly approve of what the railway is offering in this regard—is this point. So long as there remains, as the minister realizes there is, a constitutional barrier to taxation of the railway company, while they may voluntarily submit themselves to taxation they can equally remove themselves from their voluntary submission, if I can put it that way.

Will the minister, in the long-range view of this matter, give some thought to discussing with the railway company the position that they might be able to take in due course by removing the constitutional impediment? In other words, will this be a long-range proposal whereby the railway will be subject to taxation without the constitutional barrier or will it always be left on the basis that they can pay these taxes or otherwise as they see fit?

• (3:40 p.m.)

Mr. Pickersgill: The letter from the C.P.R. went on to say that they would not regard this as a giving up of their immunity and if at the end of the three year period parliament, or parliament plus the provinces concerned, were to pray the Queen to ask the government of the United Kingdom to make the necessary amendments to our constitution they would not regard that as any breach of contract. That is the utmost they could possibly do. The rest is part of that unfortunate situation in which we find ourselves of having to go to the parliament of another country to make even simple amendments to our constitution when they affect the constitutions or the rights of provinces as well as the federal parliament. I am quite sure that the governments of Manitoba, Saskatchewan and Alberta would not object to joining us in such a prayer, but I think there is a certain disposition in this house to feel that we should try to solve the problem of amending our constitution ourselves instead of going for these relatively minor amendments to the parliament of another country.

However, so far as the Canadian Pacific Railway is concerned I think they have given an undertaking, which is certainly morally irrevocable, to go on paying grants in lieu of these taxes until such time as we put our constitution and the constitutions of the three prairie provinces in such a state that the taxes can be levied on them like they are levied on the C.N.R. and other railways.

Mr. Baldwin: The new government, which might be here three years from now, might be

able to do this with the other constitutional changes.

Mr. Lewis: Mr. Chairman, I gather from what the minister has said that he accepts entirely the proposals of the Canadian Pacific Railway that they are to grant us, out of their great generosity and despite their tremendous poverty, the privilege of collecting, one third of the taxes due the first year, two thirds the second year and the full taxes only in the third year. I also gather that the minister accepts what to me is an odious proposition of the Canadian Pacific Railway that it will time the decision, which should be made by the government, as to when the constitutional and legislative amendments relating to their taxation are to be made. When I first read the letter of the C.P.R. to which the minister referred it struck me that it was written with characteristic C.P.R. arrogance. The following statement appeared in that letter:

> At any time after the expiry of the period indicated above—

That is the three year period.

> —the Canadian Pacific would have no objection to action being taken to amend the constitution and the legislation to terminate the perpetual exemption from local taxation referred to.

I think this is an arrogant statement by a huge corporation of which the minister seems to be in awe. What other citizen in Canada, either individual or corporate, can take it upon himself or itself to say to the government of Canada "I will have no objection if you take action to tax me"? I think this is an outrageous way of going about this matter.

The minister has said more than once during the debate on this bill that times have changed, that regulation of the type we had before is no longer necessary or desirable and that this is why he has produced a completely new bill. I do not entirely agree with him when he says that this is a completely new concept. I suggest that times have changed with regard to the taxation of the C.P.R. as well. If the exemption was ever justified—and my study of the matter has never persuaded me that it was even justified originally—it certainly has not been so for many years.

The Canadian Pacific Railway has been able out of its earnings from its rail operations over the years to build itself a huge commercial and industrial enterprise, indeed, a huge commercial and industrial empire. In my opinion the time is overdue to say to the Canadian Pacific that it can no longer be exempted from municipal taxation. I would like to hear from the minister what moral or social justification there may be for accepting this crumb from the C.P.R., or accepting their proposition of taking three years before paying all the taxes which they should be paying to the municipalities concerned and also accepting from them a timetable for action by this parliament and, if necessary, by the legislatures of the three provinces concerned to amend our constitution and our legislation. Who is the C.P.R. to dictate to this parliament and to this country as to when that should be done? Why is it not perfectly correct in social and moral terms for this parliament and the legislatures concerned to say today that we will now amend the constitution and the existing legislation to make the C.P.R. taxable, in the same way that every other corporation in Canada is, by the municipalities concerned as of January 1, 1967?

I do not have to remind the minister of the fact that the C.P.R., which is a great institution, was built with a great deal of money provided to the original owners of that railway by the people of Canada. How much longer are they to enjoy this privilege which they have enjoyed since 1881, if I remember correctly? That is a long time. If my calculation is correct, for 85 years now the C.P.R. has enjoyed this exemption from municipal taxation.

As I said before, during this period it has built not only across this country but throughout the world a tremendous industrial and commercial empire of great power and economic wealth. I suggest to the minister that the time is long overdue for action to be taken to make the C.P.R. immediately taxable for 100 per cent of the relevant assessment as of January 1 of this year. I say to the minister that were it not for the constitutional difficulties he would have had from our party a proposal to amend the legislation which stands in the way. Obviously that would not be sufficient without the necessary constitutional amendments which the minister himself should initiate.

May I also suggest to the minister, without intending any offence, that the dragging in at this particular point of the locus of the amending authority, the question of whether the constitution should be amended in the United Kingdom or by the Canadian parliament, is really dragging a red herring across the trail. There was no difficulty in making other amendments to our constitution pending the resolution of the problem of repatriating the amending authority to Canada, and this matter is one of great importance to the

municipalities concerned. I am as convinced a nationalist as anyone in this house. My national sensitivities would not be violated if we had to go to Westminster to obtain an amendment to the constitution in order to do justice to the municipalities of the prairie provinces, and not three years hence but immediately.

Mr. Pickersgill: Mr. Chairman, I think that it rather ill becomes the hon. gentleman to talk about dragging in red herrings when he must realize as well as anyone else that this whole discussion is totally irrelevant not merely to clause 3 but to the whole bill.

Mr. Horner (Acadia): Oh, no.

Mr. Pickersgill: Yes, it is because there is nothing in the bill dealing with this matter, but I have taken no exception to that. Since the hon. gentleman was allowed to make what I would describe as one of the most demagogic speeches I have ever heard in this house—

Some hon. Members: Oh, oh.

• (3:50 p.m.)

Mr. Pickersgill: —I hope he will listen to my free expression of my views with the same politeness as I listened to his, instead of interrupting.

Mr. Lewis: May I ask the minister a question? Did I accuse him of demagoguery or anything else of that sort when I spoke? I was no more demagogic than I have heard the minister being in this house, and it ill behooves him to use that word toward me.

Mr. Pickersgill: The other day I said there was one thing about the N.D.P. and that was that they handed it out but usually they would take it when you replied. I am afraid I will have to make an exception of the hon. member for York South. He accused me of truckling to the C.P.R. He accused me of being overawed by this great corporation. If that is not demagoguery, then I do not know what demagoguery is. I will explain to the hon. gentleman that I am old fashioned enough to believe that when a contract is made by the government of my country, even if it is with a big corporation it has the same sanctity as contracts made under the Canada Pension Plan with ordinary citizens and should be observed in exactly the same way.

With all the wisdom that I have now, if I had been Sir John Macdonald I do not believe I would have made this particular type of contract with the Canadian Pacific in 1880. The fact is, however, that it was made and it was ratified by a statute of this parliament. What is more, when the provinces of Alberta and Saskatchewan were established in 1905 the contract was written into their constitutions. The hon. gentleman who is sitting beside the hon. member for York South is a former premier of Saskatchewan, but he took no steps of which I am aware during the long period he was premier of that province to do anything about this immunity. The difference between myself and the present government and everyone else is that we did discuss this problem with the Canadian Pacific Railway Company. We did make representations to them that this kind of immunity, which had been given in perpetuity, was not really the kind of thing that was very desirable in the twentieth century. The company did say that if they were allowed the kind of scope the government had said they were going to propose to parliament to enable the company to increase railway revenues, then the company would be glad to give up this immunity. The company had a contractual right to this immunity, just as anyone else who makes a contract with a government of this country has a right to expect the contract to be honoured.

The Canadian Pacific said they would voluntarily give up this immunity over a three year period. It is easy to understand why they chose the three year period. It is going to take some time before the freedom permitted under this bill will, in fact, have any great effect upon the revenues of the railways of this country, and that is why we have the graduated reductions in the subsidies in this bill. The company said also that, notwithstanding the fact that they had a contract, if we could get the constitution amended or if we desired to do so, they would not offer any objection on the ground that they did have a contract ratified by a statute of parliament.

Even if it is the C.P.R., and even if it is possible to get votes by making attacks upon the C.P.R. because it is a large corporation, I do not think that is proper procedure. Nobody is more ready to attack the C.P.R. or anybody else when I think they are doing something wrong. However, when they are doing something that is right, reasonable and in the public interest, it is rather ungracious, rather unfair to suggest that instead of allowing the company to do this in a voluntary way so that there is no breach of contract we should get up in the house and say that if we only had

the power to do it we would break the contract unilaterally, which is what the hon. member for York South said.

There is a certain amount of evidence that governments that break contracts with one person are apt to get the habit and break them with others. It certainly is not a good way to gain confidence. I suggest that perhaps it is utterances like that we have just heard from the hon. member for York South which explain why, in all the years since his party under whatever name it has been known has been seeking the suffrages of the people of this country, it has never succeeded in electing more than 28 members to this house. I suggest to the hon. gentleman that most Canadians believe that even if they make bad contracts they are bound by them. They believe that even if their government makes bad contracts it is bound by them also. This doctrine of unilateral repudiation of the pledged word of a country is the kind of doctrine against which I thought most of us objected in two world wars.

So far as I am concerned, if I thought the C.P.R. was doing something contrary to public interest I would be just as ready to say so as the hon. member for York South, and perhaps more ready. However, when the company is acting in a socially responsible manner I do not believe there is any reason why we should not be honest enough or generous enough to say so, even if by creating the impression that someone is serving as a lackey of the big interests we may be able to fool a few people in a few places into voting in a different way than they would otherwise.

That is my whole reply to the hon. gentleman. I do not expect it will satisfy him. However, I do believe it is apt to commend itself to the majority of the members of this house and to the majority of the people of this country.

The Chairman: Order. I think I should interrupt the proceedings of the committee now and point out to hon. members that as a result of a misunderstanding as to the way clause 1 was stood last evening I allowed the hon. member for Acadia, the hon. member for York South and the minister to make statements. However, I should point out to the committee that we are considering clause 3. The discussion that we have been having for the last few minutes has very little relationship to clause 3.

Mr. Douglas: On your point of order, Mr. Chairman, may I say that the minister has been arguing that the concession which the Canadian Pacific Railway is now prepared to make are part of a *quid pro quo* for the additional revenues they will get as a result of this legislation, and therefore the two questions are irretrievably bound together. It seems to me quite in order to discuss this matter. However, if Your Honour says we cannot pursue it further we will, of course, abide by your ruling.

If that is the case, I would raise a question of privilege and reply to one of several inaccurate statements made by the Minister of Transport. He said that during the time I was premier of Saskatchewan we made no move whatever to bring about any change in the legislation which exempted the Canadian Pacific Railway from municipal taxes on its main line. As a matter of fact, we did. First of all, we amended the Saskatchewan legislation to make the C.P.R. subject to municipal taxation on its branch lines, from which it had been exempted for years. The provincial government and the municipalities of the province petitioned the federal government, of which I believe the Minister of Transport was a member, for legislation which would either remove the exemption or require Canadian Pacific to pay sums of money in lieu of taxation.

• (4:00 p.m.)

There can be no doubt about the fact that irrespective of any commitment which may have been made in 1881 the people who have borne the burden of that exemption have not been the federal government or the provincial government but the municipalities. The situation has changed to such an extent that in my opinion the railway has been morally bound and is morally bound now not to continue to impose this burden upon those municipalities which happen to be on the main line of the C.P.R. but should pay them this revenue which they require if they are to maintain their ordinary municipal services.

If the question is not be to be discussed further I have at least risen to say that the minister's statement is quite incorrect. The government of Saskatchewan between 1944 and 1964 made repeated representations for changes which would have made the Canadian Pacific Railway subject to taxation by the municipal authorities.

Mr. Pickersgill: Mr. Chairman, I am sorry if I misstated the facts. I knew that the hon. gentleman's successor had made representations, because he made them to the Prime Minister in my presence. All I can say is that I was unaware of the earlier representations

and I regret very much any misstatement of fact I may have made.

Mr. Orlikow: Mr. Chairman, I listened with a good deal of interest to the exchange which took place between the hon. member for York South and the Minister of Transport. I do not think I have to defend the hon. member for York South or the minister; they can both look after themselves. However, for the record I wonder whether the minister would take a few minutes to deal with this point.

In his remarks the minister said that he was not surprised at people attacking the C.P.R., that it was popular among certain people to attack big corporations. During the hearings of the transportation committee I was amazed at the large number of very responsible citizens and organizations which were very hostile to and critical of the C.P.R., organizations such as farmers' unions which called for the taking over of the C.P.R. and its operations by a public corporation. The minister said that if it was necessary and justified he would be prepared to criticize the C.P.R. and its actions. For the record, can the minister tell us when, if ever, he has criticized publicly the actions of the C.P.R.?

Mr. Pickersgill: Mr. Chairman, I find it very hard indeed to obey your ruling and relate this to clause 3.

The Chairman: Order. I must point out to the committee once more that the clause now before the committee is clause 3, which is an interpretation clause dealing with the definition of "commission", "commodity pipeline" and so on. Perhaps the members of the committee in their comments from now on would confine themselves to the clause before the committee.

Mr. McCleave: Mr. Chairman, on a point of order, I was one of those who thought that clause 1 would be continued today. I had an amendment to move later but I intended to present it today—

Mr. Pickersgill: Clause 1 was stood.

The Chairman: Perhaps the hon. member for Halifax is not aware that clause 1 has not been passed.

Mr. McCleave: I have not yet reached my point of order, Mr. Chairman. This is quite a complicated bill and I am wondering whether we can agree on some procedure whereby at the end of the day members may present amendments they intend to move later, which could then be studied by the minister and his officials, instead of presenting them during the debate and having to make up our minds very quickly whether to accept them or reject them.

Mr. Pickersgill: I really do not think that is a point of order but if the hon. gentleman or any other member has an amendment he is proposing to move to any clause and would like to let me have a copy so that I can have the officials look at it in the meantime in a private way, that would be quite a convenience, I think. I would be very glad to do that and it would probably be easier to answer such amendments when the appropriate clause came up.

Mr. Bell (Saint John-Albert): So that we can have this in mind, Mr. Chairman, is it the minister's intention to stand clause 16 or does he plan to move forward in consecutive order?

Mr. Pickersgill: I do not think we should try to anticipate clauses until we reach them, Mr. Chairman. If there is good reason for standing some clause, either because an hon. member has an amendment he would like to have considered or because it is not possible to reach a decision on it quickly and therefore the work of the committee would be impeded, let me say right now that as far as I am concerned I would be glad to ask the committee to stand any clause. We want to get the bill into the best possible shape. I hope that this will not arise in the case of most of the clauses and that we can make fairly quick progress, but clause 16 may very well be one we would wish to stand if there are some proposals for its amendment.

Mr. Bell (Saint John-Albert): The minister indicated that he is going to move an amendment on the port parity matter which comes up in one of the later sections of the bill. I know that the hon. member for Halifax also has this in mind because he was one of the first to mention it in committee. Are we going to be confronted right off the bat with amendments when the clause comes up, or can they be made available so that we will have the chance to look at them? We have to consider the complexity of these amendments and the difficulty of ascertaining each of the little points they make.

Mr. Pickersgill: I am in the hands of the committee, Mr. Chairman. I will do anything it is possible to do to facilitate matters.

Mr. Horner (Acadia): Before we hurriedly pass clause 3 would the minister explain for the benefit of the committee what is meant by the phrase "solely of oil and gas, or either" in subclause (b) which deals with commodity pipe lines? For example, suppose an established oil line company is given permission by the National Energy Board to move oil through its line to the west coast, say from Alberta. If it then becomes feasible with some modification to move a commodity like sulphur through that same pipe line, would I be correct in assuming that that pipe line would no longer be under the jurisdiction of the National Energy Board but rather under the jurisdiction of this new transport commission?

Mr. Pickersgill: It would be a commodity pipe line within the terms of this bill, but it would not cease to be under the National Energy Board in so far as it carried oil and gas. In so far as it carried another commodity it would come under the jurisdiction of the transport commission. There is a provision in a subsequent clause to prevent duplicate hearings so that there would not have to be two sets of hearings held in that kind of case. What this clause says is that a pipe line that carries only oil or only gas, or only oil and gas, does not come under the bill at all.

Mr. Horner (Acadia): The point I am trying to understand is this. What do the words "or either" mean at the end of (b)? According to the minister they mean very little.

Mr. Pickersgill: If the line carries gas alone it does not come under this bill. If it carries oil alone it does not come under this bill. If it carries both it does not come under this bill. It would only come under this bill if it carries something else.

Mr. Horner (Acadia): Now I am more confused than ever.

Mr. Bell (Saint John-Albert): Why did this legislation not redefine oil and gas? It looks rather sloppy with those terms not redefined.

Mr. Pickersgill: I think it was thought that the ordinary dictionary definitions of oil and gas would be adequate to guide the judges and lawyers who would be dealing with any litigation in the matter. Perhaps the only reason that there is any need for any definition of a commodity pipe line is that we are not using the dictionary definition of those words; we are excluding certain things from the dictionary definition. The courts would say that if it was a pipe line just carrying oil or just carrying gas or just carrying gas and oil, the commission would have no jurisdiction at all over it.

• (4:10 p.m.)

Mr. Lewis: If the minister will look at paragraph (e) of clause 3 he will note that he is not relying, and I am not saying this critically, on the dictionary only.

Mr. Pickersgill: I think the hon. gentleman has scored off me. It would be a good idea if ministers would always read their bills.

Mr. Horner (Acadia): Am I to assume from the minister's statement that anybody building a pipe line to carry commodities such as oil and sulphur to the west coast would have to get permission to cross provincial boundaries? Would they have to appear before the National Energy Board? Suppose one starts from scratch and wants to move sulphur and oil by way of a pipe line. Before whom would one appear? Would it be the National Energy Board or the Canadian Transport Commission?

Mr. Pickersgill: If the hon. gentleman would not mind waiting for an answer until we get to part II on page 13 dealing with commodity pipe lines—all this is doing is defining—we could have a duplication of discussion. I shall be able to answer then.

Mr. Horner (Acadia): That is fine. I shall be taking another look at page 13. Perhaps the minister would agree with me that we ought to go slowly with this legislation. This is an important matter and, to use his words, this bill will bring about a revolutionary change in the whole field of transportation. Bearing in mind that the oil and gas industry has become a prominent basic industry in the economy of the province of Alberta, one must pay close attention to excessive bureaucratic control that may develop with the establishment of two boards which would regulate and control an industry that has meant so much to the province of Alberta in the past number of years. I do not apologize for examining clause 3 closely. In view of the importance of the oil and gas industry to Canada and considering the balance of payments problem and like matters, certainly one should go slowly with this type of legislation.

Mr. Pickersgill: I think we should deal with this question, if the hon. gentleman would agree, when we come to the appropriate clause.

The Chairman: Shall clause 3 carry?

Clause agreed to.

On clause 4—*Application.*

Mr. Horner (Acadia): Before clause 4 carries could the minister comment on whether there have been preliminary conversations with the provinces about paragraph (e) of clause 4, "transport for hire"? Basically, what is meant? Have there been consultations with the provinces in view of the remarks made in the Alberta government brief to the committee. Has there been consultation with the provinces about this whole subject of transportation?

Mr. Pickersgill: Yes, there has been. As a matter of fact, when the bill was introduced or just before—I do not have the dates at hand—the Prime Minister wrote to the premiers of all the provinces saying that we intended introducing legislation which would make it possible for a new federal commission to exercise the federal jurisdiction, that we had felt it advisable for some time for that to be done and assuring them all, because the provincial governments had been good enough to allow the provincial agencies to act as agencies of the federal government, that we would not take precipitate action under the legislation and that we should like to have full consultation with them. That has been done. Replies have been received from most of the provinces. A conference is being organized on this particular subject and will take place, I hope, not long after the legislation is passed. I might say again that there is no intention of taking any action under this provision until it becomes necessary in the public interest.

[*Translation*]

Mr. Asselin (Charlevoix): Mr. Chairman, in December last the Quebec minister of transport expressed reservations about the bill now under consideration, and the minister has just told us that there have been consultations with the authorities of all the provinces when that bill was being drafted.

Since the remarks made by the Quebec minister of transport, have there been other communications with the province of Quebec to give further information to the provincial authorities and have the province's objections been rejected or studied?

[*English*]

Mr. Pickersgill: There is correspondence going on between the Prime Minister and the premier of Quebec on this matter. We have made it clear in that correspondence that the government is grateful for what the government of Quebec has done over the years in allowing the provincial agency to act as a federal agency but that, of course, so far as exercising the legislative jurisdiction of parliament is concerned that is a matter for us here in parliament, and so far as co-operation under the legislation is concerned we desire co-operation with the provinces and are seeking it.

The Chairman: Shall clause 4 carry?

Clause agreed to.

Clause 5 agreed to.

On clause 6—*Commission established.*

Mr. Bell (Saint John-Albert): Can the minister give us any information not contained in the legislation about the new commission? For example, will the present members of boards automatically become members of the commission? Is there some guarantee that on the 17-man board there will be some non-experts? The commission being set up is revolutionary and massive and the minister should take a minute to repeat some of the things he said in the committee on transport and communications. He should let us know his thoughts and reassure us in regard to the bureaucratic nature of this commission.

Mr. Pickersgill: In the first place, it will be one bureaucracy instead of three. In the second place—

Mr. Horner (Acadia): It will be larger and more unwieldy.

Mr. Pickersgill: It will unquestionably be larger, but the hon. gentleman is not the smallest member of the house and I would never describe him as unwieldy. Size does not necessarily mean clumsiness or difficulty of movement, as anybody watching the hon. gentleman knows.

The commission would have been unwieldly if the whole commission had been expected to be present at all cases. It is intended that there shall be a number of committees of the commission, each with its own chairman, and that they shall proceed in their normal operations in much the same way as the Air Transport Board or the Board of Transport Commissioners proceeds at the present time so far as their formal proceedings are concerned. There will also be a committee dealing with matters that affect at once different modes of transport. That is why we think it is desirable to have one, over-all commission. Since all the

members of the Air Transport Board, the Board of Transport Commissioners and probably the chairman of the Canadian Maritime Commission as well, because he is the only permanent member of that commission, have a tenure of office set by parliament, it is provided that they shall continue to be members of the commission for the period of tenure they now have. Certain additional members would also be appointed and as existing members retire they will be replaced.

The commission is to have a president and two vice presidents. A good deal of misgiving was expressed in committee about the possibility of conflict between what might be called the research, planning and developmental functions of the commission and its regulatory functions.

• (4:20 p.m.)

In order to minimize any such possibilities there will be two vice presidents, one of whom will have to be a barrister. He will have nothing to do with the research side of the activities of the commission. Any of these subcommittees will, of course, be able to call on the research functions of the commission and make use of their facilities in the same way as they can make use of any other facilities. But there will be another vice president who will have nothing whatever to do, in a formal sense, with the regulatory functions. He will be the head of the planning and research staff. That is the general structure.

I was brought up on a farm and I was taught when very young not to count chickens before they were hatched. I have offered no jobs on this commission to anybody, nor do I think it would be proper for me to do so until parliament has acted and until there is a commission to which people can be appointed.

Mr. Bell (Saint John-Albert): I hope the minister himself is not coveting a position in which he would engage in any new-found activity once this bill becomes law.

Mr. Pickersgill: The minister is, in fact, very smug about being Minister of Transport. Perhaps he should not be.

Mr. Bell (Saint John-Albert): In any case I want to thank the minister for his reply and ask him whether I understand his explanation correctly, that any persons with particular tenures now holding appointments on existing boards, would be given similar appointments on the new commission.

Mr. Pickersgill: The appointments would just continue.

[Mr. Pickersgill.]

Mr. Bell (Saint John-Albert): I have no one in particular in mind. I was just anxious to know.

Mr. Pickersgill: Not only that, but the chairman of the Board of Transport Commissioners has the right when he retires to become a judge of the Exchequer Court, and that right is also safeguarded. All the rights which the members of the various boards now have are safeguarded in the bill.

Mr. Winkler: Mr. Chairman, I have very few words to say on this clause but I hope they will be acceptable bearing in mind the importance of the manner in which this commission is constituted and the regional responsibilities and problems which must be taken into consideration.

I am thinking in particular of the province of Ontario. Although the province of Ontario is certainly a prosperous one within our fair dominion, nevertheless it contains areas whose interests need to be guarded when we are considering the appointment of commissioners. I have in mind especially those areas which have been classified by the government as designated areas for whose assistance and development special measures are needed. It is important that when making appointments to the commission the minister should consider the needs of such areas within the framework of the country as a whole.

It has been said that the two provinces which will pay and pay heavily, in consequence of certain freedom which is to be granted to the railways, are Ontario and Quebec. The idea is that the development and progress of these two provinces now warrants consideration being given to increases in railway rates. This is what I understand, though I do not subscribe to that view, believing that it is important to support the development of outlying centres in these two provinces.

Consider, for example, the closing of stations in areas whose development is supposed to be the key to the government's program of designation. This becomes a matter of great importance, particularly at a time when the government is offering assistance to such areas and when even provincial governments have seen fit to grant special concessions to them. Surely the maintenance of connecting links with adjoining areas which may also require development must be borne in mind at all times. In circumstances such as these I believe the government might well be sympathetic and see to it that the railways do not simply impose their views, despite the protection afforded by the Board of Transport

Commissioners, and endeavour to close facilities which are so important to the population and to the possibility of future progress in these smaller communities.

It is true, from the point of view of the railway companies, that merely by looking at the figures it might not seem reasonable to keep certain stations open. Nevertheless, in my opinion the interests of the people and of industry in such areas are well worth protecting, and the exercise of this protective function, the success with which it is carried out, will depend to a large extent on the kind of commissioners who are chosen.

That is all I have to say on this particular subject. I shall have more to say at a later stage in this discussion.

Mr. Muir (Lisgar): Does the minister visualize the members of this board sitting as members of dual committees? With all due respect to the hon. member for Grey-Bruce, my concern is that it will be the captive regions of Canada, particularly the northern areas, which will be required to pay increased rail rates.

I do not wish to get ahead of the committee by discussing clause 89, but I do hope some balance will be preserved between various parts of the country in the decisions which will have to be made. I say this bearing in mind the fact that there are to be only 17 members of the board and that several of the eastern members will be sitting in a dual capacity on different committees of the board.

Mr. Pickersgill: I am not sure I understood the purport of the hon. gentleman's question. I thought he was about to argue that in making appointments to the board we should give due consideration to the main geographical divisions of Canada.

Mr. Muir (Lisgar): That is what I was trying to say.

Mr. Pickersgill: There is no doubt about the importance of that factor. The hon. gentleman and I are old enough to remember that when Mr. Bracken formed his first government in Manitoba in 1922 it was discovered that every member of that government was a Presbyterian.

An hon. Member: Very sensible.

Mr. Pickersgill: We shall try not to make that mistake.

Some hon. Members: Oh, oh.

• (4:30 p.m.)

Mr. Pickersgill: Not more than half of them, anyway. Speaking seriously, I do not think the geographical location from which a member comes should necessarily be the prime requisite. If all the members were appointed from Ontario, Quebec or British Columbia, this would not satisfy very well what we have in mind. On the regulatory side it will be possible for members of the commission to be moved from one committee to another, when there is greater pressure of work in one place rather than in another, at the direction of the president or, in some cases, of the vice president.

Normally when hearings are dealing purely with aviation matters the committee will be formed of those commissioners who are particularly competent in that field, and the same will apply with respect to railway matters. But when there is a question about the most appropriate mode of transport to meet a particular situation it might be useful to have a committee with commissioners who would have some detailed knowledge of more than one mode of transport. The main desire is to keep the commission as flexible as possible and not to have it unwieldy.

Mr. Baldwin: Under this clause the establishment of salaries and remuneration is to be fixed by the Governor in Council which, of course, is a departure from the practice under the Railway Act as it applies to the Board of Transport Commissioners. I hope the minister will give us some general idea of what he may have in mind. I believe the whole heart of this bill lies in the personnel of the commission. I have no objection to people being appointed who will do the best possible job they can being paid an amount commensurate with the work they are doing, their value, their intelligence, and their expert knowledge.

In this connection I hope the government will give regard to the appointment of some people who are not experts. In fact I think one qualification should be that some members of the commission will be non-experts in transportation. The minister probably has had the unfortunate experience of trying to draft documents with six or seven lawyers helping him to do so. Undoubtedly there will be some experts on the commission, but I would hope there will be some appointments made of people whose only experience in transportation is driving a car, going up or down in an elevator, or coming downhill on a pair of skis, and who know absolutely nothing about railway

transportation, aeronautics or maritime transportation. In his search for personnel to constitute the commission I suggest that the minister seek some people of that character who have certain qualities of energy, a general knowledge of economics and a desire to be of use to their country.

Mr. Pickersgill: Like the hon. gentleman I am a great believer in having a certain number of what old fashioned people would call amateurs. Lawyers, as the hon. member knows, are not hired, they are retained, but apart from lawyers other experts can be hired, if we have to have experts.

Mr. Horner (Acadia): The minister said that under this clause I could deal with the question of integration and co-ordination of modes of transportation. I was disturbed by what the minister said earlier this afternoon in reply to the hon. member for Saint John-Albert that this 17 man commission will take it upon itself to co-ordinate the various means of transportation. From his remarks last night I fear that the new commission, in combining the various means of transportation, will bring about the long-range result of limiting competition rather than promoting it, because we are told competition is the answer to our transportation problems.

The minister tried to suggest to the committee that I was at odds with the hon. member for Qu'Appelle who spoke yesterday afternoon. I have no objection whatsoever to a rationalization program for some railway lines, but rationalization of railway lines is an altogether different question from integrating modes of transportation, which is the point I raised last evening. This is the problem which the Interstate Commerce Commission of the United States encountered when it attempted to co-ordinate a complete transportation system, because it found that the shipper of goods was the eventual loser.

As recorded at page 1770 of volume 24 of the proceedings of the standing committee on transport and communications, the new president of the C.N.R., Mr. MacMillan, had this to say:

> May I just add one thought which is inherent in everything that has been said and which has not been said. It is this; this looking over the shoulder at the competing form of transportation as the result of the public being denied rate reductions—it is all directed to rate reductions—everytime it has arisen in the Interstate Commerce Commission it is where truck, railway or barge has tried to reduce a rate to the public. The competing form of transportation has taken the position that it ought not to be permitted because the competitor could not live under this reduced rate. The result has been that the public has suffered and they have not received the rate. That is what we are warning against.

In effect the Interstate Commerce Commission in such a case says to a mode of transportation, "You cannot enter into that particular area because your competitor is already there and is carrying on a successful business. We feel that if you enter that area then two modes of transportation will be losing money and both may eventually have to be subsidized by the taxpayers." This is the warning given by the C.N.R.

As recorded at page 1769 of the committee proceedings Dr. Bandeen also said that this is the problem which the Interstate Commerce Commission is having, and he gave an example in the following words:

> The case I have in mind is a grain movement in the southern United States where the railway put in effective rates; it was ruled compensatory; it was above variable cost; and they still were not allowed initially to put that rate into effect because a barge operator was going to suffer financially because of this. The Interstate Commerce Commission decided that the barge operator should not suffer.

It therefore ruled that the rates could not be put into effect, but in that particular case the commission was overruled by the Supreme Court of the United States and the lower rates went into effect. Dr. Bandeen added:

> This is the kind of thing we would like to warn against on any new commission coming in.

• (4:40 p.m.)

I had thought that the new commission would not be the sole judge and adjudicator of where a certain mode of transportation could operate and what it could carry, but following the minister's remarks of last night and this afternoon my fears have been aroused. Certainly this commission will have jurisdiction over certain areas, but it should not be allowed to sit as sole judge to adjudicate on whether or not free enterprise should be allowed to operate as between different modes of transportation. If competition is to provide any answer at all one cannot expect that all modes of transportation will naturally be able to support themselves in all areas of the country. It is true in all phases of enterprise across this country, whether farming, ranching or the legal profession, that if one cannot cut the mustard one must get out. This should also be true in respect of all modes of transportation other than in those places where, because of necessity, the public must be served even though the transportation company involved operates at a loss. In these

cases the government should step in and provide a subsidy in the public interest. In any case there should be no limitation placed on competition or free enterprise in those areas which can support it.

With regard to integration and co-ordination, there should be no attempt made in this direction until a full opportunity has been given for free enterprise in a spirit of competition to operate in certain areas. We have all observed across this country the full impact of competition and generally speaking the larger and most economical survive to the benefit of the consumer or, as in this case, the shipper. I would hesitate to allow the passage of this bill if I thought this commission was going to make prejudgements and follow a course of integration before free enterprise had been given a complete opportunity. I hope the minister can straighten out any misunderstanding I may have in this regard. We should learn from legislation of the past and reap knowledge from others who have tried similar types of legislation. Certainly the efforts of the Interstate Commerce Commission in the United States in this regard have failed.

Mr. Pickersgill: I do not think the hon. gentleman could have explained the real object of this bill better than he has just done had he been the sponsor of it. There is one thing this commission cannot do which the Interstate Commerce Commission does all the time and that is to set rates. All this commission can do is set maximum rates and make sure they are compensatory so there is not unfair competition. The third thing it can do under clause 16 is disallow a rate if it is unfair, having regard to the conditions set out in the amendment to clause 1 and the conditions set out in clause 16. In other words, the kind of situation to which Mr. Bandeen referred cannot arise because it would be illegal. This commission is directed by clause 1 to permit competition wherever it is possible.

Integration will take place in precisely those areas referred to by the hon. gentleman, where there is not enough business for anyone to make a living through the operation of any mode of transportation but where transportation is essential. That is where the word "adequate" comes in. These are the areas where the taxpayers will be asked to step in to provide a subsidy in order to provide a necessary service in the national interest.

I am saying almost exactly what the hon. gentleman said. The commission should look at these areas on behalf of the public to determine whether X number of dollars should be provided to operate a good air service or a poor railway service. The commission must determine how the taxpayers' money should be used to provide a good service rather than a poor one and rather than two, both of which would be losers. That is the kind of integration and co-ordination that is meant.

In those areas where there is enough business and enough traffic for carriers to earn a living the government wants them to earn a living and does not want to interfere. We want to obtain the maximum amount of freedom where there is enough traffic to permit competition. We want also to provide for those areas of the country where there would be no transportation without help from the public or without protection for one carrier which could perhaps make a go of things if it could operate alone. These marginal situations exist all over Canada and this is where the commission will carry out integration and co-ordination. It will not interfere in those areas where there is plenty of traffic.

Mr. Horner (Acadia): I am prompted to ask the minister a question because of his use of the phrase "air service". My interpretation of that part of the bill in respect of integration and co-ordination of services is that it would only apply to railways and not air services. If an air line could prove that there was enough traffic to operate a second national air service in competition, would this commission be in a position to grant a licence to that air line? Such an operation in competition might bring about a reduction in air passenger or freight rates. One gets into this kind of difficulty if one interprets the bill to mean that integration may apply to all modes of transportation. Will the minister comment in this regard?

Mr. Pickersgill: This bill does not purport to amend the Aeronautics Act. However, within the scope of the Aeronautics Act and the policies enunciated by the government the Air Transport Board does permit competition now. The new commission to be set up will continue to do this to the extent that policy permits competition. This bill does not purport to amend the Aeronautics Act, and I wish to make that clear.

• (4:50 p.m.)

Mr. Schreyer: Mr. Chairman, during the committee consideration of this bill I was in agreement with the hon. member for Acadia in regard to many aspects of this legislation, but I must say that I disagree with him vehemently with regard to the remarks he just made. He seems to be saying to the minister

that this legislation should be so construed that the commission would be prevented from carrying out its function in such a way as to co-ordinate, harmonize and integrate the various modes of transportation services in this country. Yet when one looks at clause 14—I realize we are on clause 6 but clause 14 refers to clause 6 in this respect—one sees that it is mentioned specifically that the prime object of the commission shall be to co-ordinate and harmonize the operations of all carriers engaged in transport, and so on.

I agree completely with the announced objective contained in clause 14 of the bill because I feel that only in this way can the objectives outlined in clause 1 be realized. If transportation costs are to be reducd to the lowest possible level, it will be by means of a policy that will seek to co-ordinate and harmonize the various modes of transportation. I do not want to revert to the discussion on clause 1 since it has been allowed to stand, but I believe clause 14 is one of the saving graces of the bill and can, if properly administered and implemented, go some way toward salvaging some of the intentions of this legislation.

With specific reference to clause 6 I would say to the minister that, as far as I can recall, during the committee stage when submissions were being made by various organizations this clause was generally favourably received. I do not recall any opposition to the concept embodied in clause 6. But I feel there is really nothing substantive in clause 6, that it is really a matter of administrative change. Rather than having three commissions operating in close liaison one with the other, we are apparently setting up one omnibus commission which will, in order to carry out its functions, then break down into two or three subcommittees. When it comes down to it, what is the big difference between three commissions in close liaison one with the other and one commission doing its work by way of subcommittees?

I have one specific question to direct to the minister in connection with clause 6. I see nowhere in this bill, though I may have overlooked it and it may be very obviously stated somewhere, any reference to the matter of the quorum required for the commission to operate. I assume that there should be some reference to the quorum but I fail to see it here. Can the minister offer some explanation in this connection?

Mr. Pickersgill: Mr. Chairman, I would not have thought that the reference to a quorum, if one is necessary, would have been in clause 6 anyway. It would more likely have been in clause 7 which sets out the powers and duties of the commission. I would imagine it would be within the powers of the commission itself to establish a quorum under its regulations, but perhaps before I give a final answer on that matter I should seek legal advice.

Mr. Schreyer: Mr. Chairman, before another hon. member rises to speak on clause 6 I would ask the minister or any other hon. member for some guidance in this respect. It seems to me it would be a more desirable course of action if the matter of the quorum were dealt with by means of statutory provision here in parliament rather than leaving it to the discretion of a creature of parliament. I would have thought it would also be desirable to include such a provision with respect to the sittings and hearings of the subcommittees of the commission.

From the minister's explanation, as I recall it, during the committee stage and again earlier this afternoon I gained the impression that the commission would resolve itself into two or three subcommittees for the purpose of dealing with matters coming under the Aeronautics Act, the Transport Act and the Railway Act. Should this matter of the quorum not be specified with regard to any work carried out by subcommittees of the commission?

Before I resume my seat I should like to support the request made by the hon. member for Peace River that care be taken by the Governor in Council when appointing the members of this commission to see that a number of the commissioners represent the non-legal, non-transportation industry aspects of our economy. In my opinion this is particularly necessary because of the fact, and I think it is a fact, that the minister did not accede to the request made by some organizations that an advisory body be established relative to this legislation. I believe this request was made. Obviously, the minister did not think it was particularly necessary or he would have made some provision in this regard. Since we are not to have an advisory body, this is all the more reason to have laymen, representatives of other economic sectors of our country, sitting on the commission.

Mr. Pickersgill: Mr. Chairman, the hon. gentleman will recall that we had some discussion in committee about whether we should prescribe the occupation or calling of

even one member, and some objection was taken by the laymen in the committee to the provision that one of the vice-presidents should be a barrister. That is the only limitation there is upon the freedom of the Governor in Council to exercise his best discretion to obtain the best men from the generality of the citizens of this country. And I mean the citizens of both sexes, having regard to a question asked earlier in the day.

I certainly agree that when all is said and done, the people who have the greatest interest in transportation in this country are the shippers and the consumers of transport. It is not desired to set up a commission that will be the private preserve of carriers. I think we have to be very careful not to have on the commission too many people who have had previous association with carriers and have acquired habits of mind that make it difficult for them to look objectively at these problems.

With respect to the question of quorum, I am advised that it is dealt with in a very ingenious but very obscure manner in clause 5. Although that clause has already been carried perhaps, Mr. Chairman, you would let me explain this matter. The quorum for the Board of Transport Commissioners is prescribed under section 12 of the Railway Act, and it is carried over by clause 5 (2) of this bill to apply to the Canadian Transport Commission, so there is provision for a quorum.

• (5:00 p.m.)

Mr. Knowles: And what is it?

Mr. Pickersgill: That is just the kind of question the hon. gentleman would ask. Unfortunately I do not have the necessary information with me.

Mr. Schreyer: I know that clause 5 (2) to which the minister just referred states that section 12 and other listed sections of the Railway Act will apply *mutatis mutandis*, but is this a sufficient provision to cover this point? It seems to me that the Board of Transport Commissioners is composed of a different number of members than the proposed commission. This being the case, how will the quorum provision of the Board of Transport Commissioners apply in this case even if it does apply, as the clause reads, *mutatis mutandis*? Does this wording imply a proportionate application?

Mr. Pickersgill: Since clause 5 has been passed I might as well be out of order on this point as on another and perhaps the hon. gentleman would agree that when I get my information I could also get it with respect to exactly how this clause operates.

Mr. Baldwin: When we come to clause 19, which is quite wide, we will have to consider the question of the quorum for committees. There is also the question of the power to be given to the commission to make rules and regulations. I believe that its powers concerning its own procedures are quite wide. I mention this because section 12 of the Railway Act, according to the copy I have which may have been amended since, refers to a quorum of two. Of course one might say that if the House of Commons, having 265 members, can sit with a quorum of 20, then the transport commission having a membership of 17, can sit with a quorum of 2. However, it is possible that when we get to clause 19, which is quite wide, we might be free not only to deal with the question of the quorum of the main committees but also the quorum of the commission.

Mr. Pickersgill: I think the hon. gentleman's suggestion is a very helpful one. By the time we reach clause 17 I should have all the information I need. It does occur to me that there might be some kinds of inquiries at which it would really be superfluous to have more than one person, but I had better see what the law is.

Mr. Bell (Saint John-Albert): I think the minister's reassurance about striking a balance between the different types of appointments is about all we can hope for. This matter has been mentioned in many of the briefs and no one expects us to legislate certain types of appointments. However, it is important that we take action in view of what has been said.

I would also hope that what the minister said about striking a balance between the different types of interests in transportation would include appointments from different regions of the country. Although I would not object to it, I do not think we would want to end up with 17 Newfoundlanders on the new commission.

Mr. Pickersgill: I doubt that we could find 17 Newfoundlanders who would be willing to leave Newfoundland.

Mr. Cowan: I would like to ask the minister a question bearing on clause 6. In subclause (2) of clause 6 it is said that the commission is a court of record. Is this wording taken from the old act or has it been changed? The reason

I ask my question is that I was provoked in discussion a year or two ago in connection with the Bell Telephone matter when statements were made in argument on behalf of the company that such and such a court decision had been made. I checked into the matter and found that the court decisions to which reference had been made were actually only rulings of the Board of Transport Commissioners.

Furthermore, about a week ago I had occasion to go over to the building in which the Board of Transport Commissioners is located and as I walked by the new hearing room, as I prefer to call it, I noticed an inscription in gold letters saying "court room". I knew I was not in the Supreme Court building nor was I in Osgoode Hall or a magistrate's court. On the other side of the door the French inscription read "salle d'audience". I think "hearing room" is a lot better, since in my opinion the Board of Transport Commissioners is not a court. Can the minister inform me whether "court of record" is the wording used in the old act?

Mr. Pickersgill: To the best of my knowledge and belief the Board of Railway Commissioners, which was established by this parliament on the initiative of Sir Wilfrid Laurier in 1903 and over which Mr. Justice Mabee from Port Rowan presided, was a court of record. It was succeeded by the Board of Transport Commissioners which continued to be a court of record and has been so to this day.

I think it is not necessarily essential to use the word "court" but the word "record" is pertinent in the sense that the decisions of that body are recorded and the records have a certain legal validity because they can be challenged in higher courts. At any rate, there is nothing new about it.

Mr. Cowan: Mr. Chairman, the Minister of Transport remarked a moment ago that he did not think he could find 17 Newfoundlanders willing to leave Newfoundland. That was a happy reference to the latter years of his life. I noticed the way he emphasized that Mr. Justice Mabee came from Port Rowan. It was not really necessary for the minister to say that Mr. Justice Mabee came from the area in which the minister was born. We are willing to accept that Mr. Justice Mabee was the original chairman.

Clause agreed to.

[Mr. Cowan.]

On clause 7—*President and vice presidents.*

Mr. Baldwin: There is one small point which I should like to draw to the attention of the minister. I may be borrowing trouble here but the minister seems to flourish on trouble, or at least he has done very well on it so far.

Subclause (3) is taken to some extent from the section in the Railway Act which deals with the situation that prevails in the case of the inability of the chief commissioner to act. There has been a change in that wording. Subclause 3 reads:

> The vice president who qualifies under subsection (2) has all the powers of the president, but those powers shall not be exercised by him except in the absence or disability of the president—

We have heard of the well known case in the United States regarding the question of the disability of the president. Who determines this disability? I do not wish to borrow too much trouble or to be too technical but it would seem to me to be appropriate to insert after the words "in the absence or disability of the president" the words "as certified by the president or minister". We would hope that with 17 members on the commission there would not be any personal troubles or problems, but this could happen. What kind of disability is required for the vice president to take over the functions of the president? This may be a small point but I am looking ahead so as to try to meet difficulties which might arise.

Mr. Pickersgill: Answering as a layman I would say that it is quite awkward in the case of ministers. The hon. member for St. Lawrence-St. George, the Minister without Portfolio, is the Acting Minister of Transport when I am absent from Ottawa, but if I happen to have a bad headache and wish to stay at home he cannot act for me. I wish the law allowed him to do so. It is quite clear that when the president is absent from Ottawa the vice president can act in his place. However, in the case of ministers, if, for example there are too many submissions on my desk to be signed by me and I want to go away for the day and leave all the books to the Minister without Portfolio I can do so by being absent from Ottawa but I cannot stay home and rest for a day because I am too tired. I think this is all it means, that his absence or disability would be determined by the fact that he was not in the office.

Mr. McQuaid: Would the minister give consideration to a requirement for more than one lawyer on the commission? At almost every

hearing there is bound to arise some question of law which according to the act must be decided by the vice president who must be a lawyer. What is the situation going to be if the only lawyer on the commission, one of the vice-presidents, happens to be sick or unable to attend the meeting? If the commission is going to be a court of record, I believe there should be a requirement that the president or at least two members of the commission should be lawyers. I believe we will find that if the vice president is not able to attend the meetings questions of law will not be decided because they cannot be decided by anybody else. The work of the commission is going to be held up.

• (5:10 p.m.)

There is another point that is rather important. I presume this commission will act in a similar manner to the Board of Transport Commissioners which breaks up into sections for hearings in different parts of Canada. There may be a hearing in the eastern part of Canada and one in the western part of Canada at the same time. This 17-man commission could break up into two sections, and one section could operate in the west while the other was operating in the east. I presume the commission might operate in this way. If there is only one man qualified to decide questions of law, that man cannot be in two places at the same time. If a question of law arose when the lawyer was not available, the commission would have to adjourn. Since this is going to be a court of record, I think the president should be a lawyer so there would be at least two members of the commission who were lawyers.

Mr. Pickersgill: I think the Governor in Council will be duly impressed by the problem suggested by the hon. gentleman. This problem was discussed by hon. members in the committee. There were a number of the members of the committee who thought it was a mistake to even have one lawyer. I did not agree with that philosophy. I defended warmly the right of the legal profession to one-seventeenth of the membership of the commission, and if they could secure more throught merit, all the better.

Mr. McQuaid: I am not making this suggestion on behalf of the legal profession. I am looking at the problem which arises as a result of what the bill says. The bill says that questions of law must be decided by the vice-president who is a lawyer. My point is, if that vice president is not there how are questions of law going to be decided?

Mr. Pickersgill: I think the hon. gentleman will realize that in any hearing where there are abstruse questions of law arising rather than mere questions of fact, it would not be necessary in every case for the judgment to be written on the spot. I believe it is likely there will be more than one lawyer member of this commission. However, it was our view in submitting the bill, and the committee did not disagree with us, that we should prescribe that there should be one lawyer. Of course, there is no prohibition on having more.

Mr. McQuaid: What would be the objection to prescribing that there must be two?

Mr. Pickersgill: I think it is undesirable to be unduly restrictive in these matters. You know the old story about the man who did not invite his father to his wedding. Someone said that was rather surprising and he said, "You have to draw the line somewhere".

Clause agreed to.

On clause 8—*Prohibited interests.*

Mr. Baldwin: In clause 8 there is a prohibition, a necessary one I think, against any member of the commission being engaged in or having any interest in any undertaking in which there may be a conflict of interest. Is there any penalty which flows from a breach of this prohibition? Does this entail dismissal of a member of the commission? I know the term of appointment is for ten years of good behaviour, but does a breach of this provision constitute a breach of good behaviour. While agreeing entirely with the principle, I think there should be some indication of a penalty.

Mr. Pickersgill: I am not a lawyer, and the hon. gentleman is an eminent lawyer, but I had always understood that where there was a prohibition or offence created in any bill and no specific penalty provided, the ordinary common law penalties would apply, whatever they may be.

Mr. Baldwin: There is a provision in the Criminal Code.

Mr. Pickersgill: I think that would be very adequate. It is unlikely any government would appoint any person who would be in breach of this provision, but if he were he would obviously not be a suitable person to remain.

Clause agreed to.

Clauses 9 to 12 inclusive agreed to.

Transportation

On clause 13—*Paid monthly.*

Mr. McQuaid: There is a small point in clause 13. Apparently the members of the commission and the employees of the commission are to be paid monthly. I am wondering whether the word "monthly" is necessary. Presumably the secretarial staff and others will only get their cheques once a month. Could the word "monthly" not be left out so there may be some provision for payment bi-monthly?

Mr. Pickersgill: I do not think it would matter very much. If the hon. gentleman would care to move that the word "monthly" be struck out, I would be quite willing to agree to the amendment.

Mr. McQuaid: I would so move, Mr. Chairman.

Mr. Pickersgill: While the amendment is being written out, perhaps we could carry the amendment and the clause as amended.

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment agreed to.

The Deputy Chairman: Shall the clause as amended carry?

Some hon. Members: Agreed.

Clause as amended agreed to.

Clause 14 agreed to.

On clause 15—*Duties of the commission.*

Mr. Pickersgill: I wonder if the hon. member for York-Humber would permit me to say a word first on clause 15? It is my intention to have my colleague, the Minister of National Defence, if he will be agreeable to doing so, move an amendment to this clause. If that were done now, we could have the amendment circulated so hon. members may look at it while it is being discussed.

The amendment would read as follows:

(6) Where a person who transports goods by a mode of transport other than rail charges a toll, expressed as a single sum for the carriage of traffic partly by one mode of transport and partly by a different mode of transport, the commission, for the purpose of determining whether a toll charged is contrary to any act of the parliament of Canada, may require such person to declare forthwith to the commission, or may determine, what portion of such single sum is charged in respect of the carriage of traffic by the mode of transport by which such person transports goods.

[Mr. Pickersgill.]

When there is a single charge for carrying goods partly by truck and partly by rail or partly by ship and partly by rail and the sum has to be divided so the shipper may know how much is for the carriage of goods by one form of transport and how much by another, this amendment enables that determination to be made. I have some French copies as well; I had better keep one or two for myself.

• (5:20 p.m.)

Mr. Hellyer: Based on the abiding trust I have in my colleague, Mr. Chairman, I so move.

Mr. Baldwin: I hope the Minister of National Defence will be equally flexible when we are dealing with another piece of legislation later.

Mr. Bell (Saint John-Albert): Would the minister help us in our understanding here? Is this one of the amendments that were put forward by the Winnipeg Chamber of Commerce? They felt there should be a requirement that the national transportation policy should make certain that the users of transportation services obtain the benefit of the advantages that are inherent in each mode of transport. Is this what prompted the amendment, or where did it come from? How did the minister happen to come upon this? This question is asked merely to help us understand why all of a sudden this amendment appears in view of the fact that we did quite extensive research in committee on most aspects of this clause.

Mr. Pickersgill: I think this was one of the amendments suggested during the committee hearings in regard to which I was not able to have a suitable draft prepared in time. It is pretty obvious that if you are to determine whether tolls meet the conditions laid down in clause 16, and which have now been put into clause 1 by the amendment which is based on the one suggested by the hon. member for Peace River, you have to know what part of a toll relates to rail, what part relates to trucking, and so on, before you can determine, for example, what compensation is involved or make any of the other determinations which are required under the act. It is simply for that purpose.

Mr. Ballard: Mr. Chairman, during the time this bill was under review by the committee a brief was submitted to the committee by the research council of Alberta which I thought was quite a reasonable presentation. It dealt specifically with clause 15 (1) (b) which gives

the commission power to undertake studies and research into the economic aspects of all modes of transport within, into or from Canada. Incidentally, this clause was amended only slightly in the revised version that was brought down; it was amended by the addition of the word "within".

I think the concept which was put forward by the research council of Alberta has been entirely missed by the minister. Perhaps one of the reasons it has been missed is the fact that the brief was submitted by mail and no one appeared on behalf of the research council. The argument put forward by the research council appears to be that the commission itself should not be given the full responsibility for initiating research and economic studies but that there are other government organizations and private enterprise organizations that are interested, well qualified and quite capable of doing research in this field. The brief submitted by the research council of Alberta suggested that there should be comprehensive research and development to promote new ideas in physical transport, and that this was particularly important in Canada because of the differing terrain in such as our mountainous regions, the prairies and the Arctic regions. I expect they envision moving goods by methods that have not yet been developed. For example, I know that the research council of Alberta is very actively engaged in experimental work in connection with commodity pipe lines. At the present time they are experimenting with the possibility of moving goods by pipe line where oil is the carrier, in other words, moving goods in capsules inside presently constructed oil pipe lines.

Experiments have been taking place in this regard for years. I think that what they are asking in this brief is that the act make provision so that the commission can make funds available to private and other government organizations to enable them to carry out such research. In fact, they suggested that instead of the wording as it now stands the following wording be used, and hon. members will see that it is not too much different yet different enough to make this possible.

Mr. Pickersgill: I did not catch the particular subclause to which the hon. gentleman is referring. Could he give me the reference again?

Mr. Ballard: I am referring to clause 15 (1) (b) on page 7 of the bill. The wording that the research council of Alberta has suggested reads as follows:

> —undertake, encourage, co-ordinate and support creative physical research projects and economic research studies into present and future modes of transport in Canada;

As I say, Mr. Chairman, this wording was suggested primarily to give the commission funds for the carrying out of such research. As a matter of fact, in one part of the council's brief they suggested that a base of approximately $10 million be set aside for research and economic studies.

This matter was brought to my attention in a letter I received from the head of the petroleum research branch of the research council of Alberta, Mr. Hodgson, and I should like to quote the concluding paragraph:

> Our whole objective in suggesting this amendment was to draw attention to the vital need for creative physical research and development in transport in Canada. One of the major ways of doing so-called research in transport in Canada has been to use the economic projection approach. In the economic projection approach very little emphasis is placed on the vast opportunities that lie for revising, redesigning and reinventing physical transport plants. We feel that the future of transport in Canada seriously depends on doing just this.

I suggest, Mr. Chairman, that there may be other organizations in Canada besides the Alberta research council which are doing and have been doing a tremendous amount of research in the field of transport, so I think it behooves the minister to consider giving financial support to these organizations. I wish the minister would consider or at least comment upon the possibility of amending this clause.

• (5:30 p.m.)

Mr. Pickersgill: Mr. Chairman, I feel that the objective that the Alberta research council has in mind is a very good one but it is one that we think is pretty fully covered by subclause (4) of clause 15. The hon. gentleman might object that the provision is not broad enough to enable the commission to pay moneys out for any other purpose. It will be noted that all activities of the commission will have to be financed out of appropriations voted by parliament. In such appropriations it is intended specifically, as I made clear in my speech on second reading and several times in committee, not that the commission should try to do all research itself but that the greater part of research should be research fostered, encouraged and to some degree financed by funds provided by parliament annually for

the commission. With the power the commission would have under clause 15(4) and with the appropriations made by parliament, I think there would be no question that the objectives the Alberta research council has in mind would be fully covered. It is for that reason that no specific additional change was made in the bill.

Mr. Baldwin: I wish to speak to the amendment the Minister of National Defence introduced. I think it is very sensible and essential if we are to extract the utmost value from clause 15 and clause 1. No other clause would seem to provide for this kind of study and for information to be produced where rail and other modes of transport are jointly involved, but I wonder if a close and detailed study of the amendment does not reveal that its effect is to exclude rail from one of the joint modes of transport involved. The wording of the amendment is:

> Where a person who transports goods by a mode of transport other than rail—

I think this could be construed to mean that one of the joint modes being eliminated is rail. If that is so I think the minister ought to give serious thought to changing this part to read something like, "Where a person who transports goods by a mode or modes of transport other than or in addition to rail". If that change were made there would be no question that rail plus shipping or rail plus aircraft would be included. I may be too cautious, but the use of words "a mode of transport other than rail" suggests to me that in determining charges for respective modes of transportation rail will be completely excluded if the amendment carries.

Mr. Pickersgill: In view of the point the hon. gentleman has made, which I frankly confess I am unable to pass judgment on, if we have concluded the over-all discussion on clause 15 I wonder whether the clause could be stood merely for the purpose of settling this point and nothing else? We should then not start a new debate.

Mr. Bell (Saint John-Albert): I do not see why the minister does not bring his officials down to deal with a point like this, because it could be that the point is dealt with in the existing Railway Act by a provision covering rail and other modes of transport.

Mr. Pickersgill: I think that is not quite the point. What the hon. member for Peace River means is that this amendment would not provide for every kind of combination, and perhaps it excludes rail. I am told that clause 47 provides for combinations including rail, and that this part we are now discussing deals with all combinations except rail. Perhaps that underlines the point made by the hon. member. It did not take me long to get the information by Eskimo telegraph.

Mr. Bell (Saint John-Albert): This clause, Mr. Chairman, if I may deal with the legislation generally rather than with the amendment for a minute, authorizes research studies into various modes of transport in Canada. The clause gives me the opportunity to make a brief point that I have made before to the minister. He will recall that I have criticized various studies undertaken by his department into certain aspects of transportation. For example, there is the coastal commission study.

Mr. Pickersgill: Do you mean pilotage?

Mr. Bell (Saint John-Albert): The pilotage commission yes.

Mr. Pickersgill: Well, the hon. gentleman's friends appointed that commission.

Mr. Bell (Saint John-Albert): I know, and we have been over that. I say that there is a responsibility on the existing minister with regard to aspects of research having to do with air transport, and certainly there is a need to act there. There is also a responsibility—and I have some knowledge of and interest in this matter—with regard to a merchant fleet for Canada. I express the hope that this clause will mean greater co-ordination of research studies and some action by the government. This matter goes back for many years. Particularly with respect to the merchant marine I am one who feels that a nation like Canada with a coast line second only to Russia's must do forward thinking about how we are to deal with this matter as well as the question of our navy. The Minister of National Defence is sitting there studiously signing more papers that will finally wipe out our navy.

Some hon. Members: Oh, oh.

Mr. Bell (Saint John-Albert): The Minister of Transport is from Newfoundland, which has a rocky coast line, and the province's chief means of transportation and communication with the outside world is still by water. I think it is a disgrace that we have not in this nation of landlubbers at least a few people like the Minister of Transport, to think more of the sea and where we are going on the sea. We shall end up with a few people going—

Mr. Starr: On the rocks.

Mr. Bell (Saint John-Albert): —on the rocks, as the house leader on this side has said. We shall end up with fellows in gold braid running ferries, and we shall count on other nations to perform our daily tasks, let alone defend us in time of war. Let us hope that this new clause in this new bill will move some people forward in the right direction so far as transportation by sea is concerned.

An hon. Member: Hear, hear.

Mr. Cowan: Mr. Chairman, do you wish us to discuss the subclauses in consecutive order or may I refer to subclause 2 of clause 15?

Mr. Pickersgill: Go ahead.

Mr. Cowan: There are two matters I wish to bring up under clause 15. The first matter I wish to refer to concerns subclause 2 of clause 15 which reads:

> The Commission may examine into, ascertain and keep records of, and make appropriate reports to the Minister on (b) the type, size, speed and other requirements of the vessels that are and in the opinion of the Commission should be employed in such services;

I happen to know, from talking to ships' captains and ships' owners from abroad arriving in Toronto harbour and frequently staying there for a few days loading and unloading, about the speed regulations imposed on ships in the St. Lawrence river coming upstream and going down. These people have discussed this matter, which I believe comes under the International Joint Commission, more than once with officials in Toronto.

Dropping to paragraph (d), the wording reads:

• (5:40 p.m.)

> The commission may examine into, ascertain and keep records of—
>
> (d) the water transportation industry and undertakings and services related thereto;

This would include the St. Lawrence Seaway. Then we come to paragraph (f), the one to which I now invite the attention of the committee. The commission may examine into—

> (f) the work of international and intergovernmental organizations and agencies which concern themselves with the transportation of goods and passengers by water;

Does this mean that the new Canadian Transport Commission is to be superior to the International Joint Commission? How can a commission appointed by this parliament be given authority ostensibly to examine into, ascertain and keep records of the work of international organizations? International organizations come under authority greater than that of boards of transport commissioners appointed by this parliament. I am raising this point because I have confidence in the International Joint Commission and I would not like to think that the wording in this bill could be interpreted as placing the I.J.C. under the authority of the Canadian Transport Commission. I mention the seaway only because it is specific to the argument.

Mr. Pickersgill: I am sure that the International Joint Commission is not envisaged at all. While it is beyond question that some of the work of the International Joint Commission is concerned indirectly with the transport of goods and passengers by water into and from Canada, this is certainly not its primary concern. I do not think there will be any conflict at all. There are a number of international agencies to which Canada belongs and to which we send delegates, agencies which concern themselves with water transport, and it is intended that the commission shall keep track of what they do, keep records and make appropriate reports to the minister on these matters. This is the kind of power which I imagine the Canadian Maritime Commission already has. It is certainly not intended that because the commission may examine into, ascertain and keep records it will have any control over anyone else. It is just a matter of the records which concern the commission in relation to activities in which the government of Canada would be interested as carried on by these international and intergovernmental bodies.

Mr. Cowan: That is an interesting explanation, but the words still state that the commission may "examine into" the work of international organizations. However, it is on record in *Hansard* if nowhere else, that the International Joint Commission is not envisaged by this wording. I still think it is not as clear as it might be.

The second point I wish to raise arises, again, from clause 16. I believe members of this house are fully aware of the fact that I think the contract which exists for the transportation of passengers arriving at air terminals in Canada and proceeding to downtown points, stinks, and I use that word "stinks" advisedly. The contract in the city of Toronto in connection with the Toronto-Hamilton airport was negotiated by that great Liberal, Hon. Leon Balcer, at one time minister of transport, who awarded a monopoly concession for ten years a few years ago

without tender. When one examines the way in which these people got the contracts it is interesting to note that the Department of Transport maintains the contract was negotiable by the minister because its value was less than $5,000.

Well, I am from Toronto and we are very proud of that city; it is a boom-boom town and a go-go place, as hon. members can understand when I tell them that a controlling interest in the contract was sold a few years ago for $1 million. I understand that the contract itself, as entered into by Hon. Leon Balcer, that Liberal, was worth less than $5,000, and how a half interest in it could be worth a million dollars in cold cash is beyond my comprehension unless Toronto has boomed so much under this Liberal administration that what was worth less than $5,000 under Balcer in the days of the other government is worth more than a million dollars under the present one.

But the point I wish to raise on clause 15 is this. Subclause (1) reads:

> In addition to its powers, duties and functions under the Railway Act, the Aeronautics Act and the Transport Act, the Commission shall—
>
> (c) inquire into and report to the Minister on the relationship between the various modes of transport in Canada and upon the measures that should be adopted in order to achieve co-ordination in development, regulation and control of the various modes of transport;

I take the phrase "various modes of transport" as meaning motor vehicle service between airports and the major cities.

Mr. Pickersgill: I wonder whether I may raise a point with the hon. gentleman. I am afraid this parliament would not have the power to exercise any jurisdiction over that particular mode of transport, because it is motor transport and it is exclusively within one province. It is therefore entirely under the jurisdiction of the legislature.

Mr. Cowan: I accept the explanation. But if one goes further into clause 18 of this bill one finds these words:

> (1) An applicant, or an intervener on an application to the Commission, for—
>
> (b) a licence under this Act to operate a motor vehicle undertaking—

Mr. Pickersgill: A motor vehicle undertaking in that instance is defined in the definition clause; it is a motor vehicle undertaking which crosses a provincial boundary from one province to another.

[Mr. Cowan.]

Mr. Cowan: And in subclause (2) of the same clause it is stated:

> Where pursuant to any power vested in the Commission by this or any other Act of the Parliament of Canada the Commission suspends, cancels or amends any licence to operate any transportation service or any certificate of public convenience and necessity in respect of a transportation service—

If this matter of motor vehicle service inside a province concerns only the province, how is it that the hon. Leon Balcer, that Liberal, that former minister of transport, was able to give the contract?

Mr. Pickersgill: It is possible for the Department of Transport or any other federal agency to hire a motor car. The motor car still remains entirely within provincial jurisdiction as long as it stays within a province and bears a provincial licence. Yet the contract to hire it is a contract entered into by an agency of the federal government. The hiring does not bring the operation under the jurisdiction of this parliament.

Mr. Cowan: Hon. Vincent Massey wrote a book recently in which he said, "All that has gone before is prologue." I have been preparing all along to ask this question of the minister. In future when these monopoly contracts are being let without tender, will they be allocated by the minister himself, as in the case of Balcer, or will they be under the control of the Canadian Transport Commission? That is what I have been leading up to.

Mr. Pickersgill: This commission will have nothing whatever to do with contracts of that sort. They will remain the responsibility of the Minister of Transport and of the Governor in Council.

Mr. McCleave: May I preface my question by saying I am glad that the hon. member for York-Humber is carrying on his centennial project of being himself. I should like to ask the Minister of Transport whether it is proposed that the commission should have vast research facilities to engage in all the inquiries and studies which it is empowered to undertake under this particular clause.

Mr. Pickersgill: That would have to depend upon the extent to which each government which was in office was willing, in the first place, to recommend the expenditure to parliament and, second, whether parliament would then authorize that expenditure. This is one good reason why this commission should be under fairly close scrutiny by a parliamentary committee from time to time. We cannot

determine in this bill the exact extent to which it would engage in research.

• (5:50 p.m.)

I believe we need a lot more research in transport than we have at present. I hope most of it will not be done directly by this commission but by other agencies which will be retained by the commission, along the lines suggested a few moments ago by the hon. member for Calgary South. We need a lot more research and more co-ordination of research, and I hope there will be lot of co-ordination of research in the work of the commission.

Mr. McCleave: I gather there are two areas in which fact finding could be carried out. One is where complaints are made to the commission that under other clauses of the bill freight rates are not being properly applied to the customers. The customers can then bring their complaints to the commission and in this way effect an inquiry.

Mr. Pickersgill: If I might interpose for a moment, that is not what I mean by research. That would come under the regulatory side of the committee, the side that is determining whether the law is being carried out or not. In order to find the facts they might ask somebody to do a bit of research, but that is not at all the kind of research I envisage as the main function of this commission.

Mr. McCleave: If the minister had allowed me to finish my remarks he would not have needed to make that interjection. There are two areas for searching into problems and facts. One arises from a complaint from the outside. I take it that in such instances witnesses can be compelled to give evidence so that the facts can be established. The second area is the one the minister has mentioned, the question of research into long-range transportation problems not brought about at the behest of injured individuals or those who think they are injured but rather by government itself or a department of government. I wanted an assurance from the minister that the commission's powers would be broad enough so that it could ask the railway companies and other carriers for information that would be relevant to the inquiries.

Mr. Pickersgill: I think there is no doubt that this would be so.

Mr. Howe (Wellington-Huron): Subclause (1)(g) says that the commission shall:

—establish general economic standards and criteria to be used in the determination of federal investment in equipment and facilities—

Could the minister define what type of equipment and facilities are covered in this paragraph?

Mr. Pickersgill: I presume this would be an inquiry into what the relative cost would be, for example, if a new mining development was being started, whether it would be cheaper to provide a railway than to provide air service in order to meet the needs of the community. This would enable establishment of certain criteria for determining that kind of thing. I may say that that is just one random example.

Mr. Howe (Wellington-Huron): It indicates that there will be federal investment in equipment and facilities. Would the federal government enter into this program or would it have a crown corporation do so, or is the government going to set up another department?

Mr. Pickersgill: No. All this does is enable the commission to establish certain standards which could be applied to measure the relevant costs of one means and another.

Mr. Howe (Wellington-Huron): But it says "the determination of federal investment in equipment and facilities—"

Mr. Pickersgill: But it is standards for determination. It does not empower any kind of investment at all. It is just an inquiry.

Mr. Howe (Wellington-Huron): It indicates that there might be federal investment.

Mr. Pickersgill: There might be by Canadian National by Air Canada, by a subsidy to some private air line, or by a grant to assist in the development of a road or something of that sort, but none of these things could be done by the commission. All the commission would be doing would be to determine standards to measure the possible investment.

Mr. Cowan: Mr. Chairman, I have already directed the committee's attention to subclause (2) (d) which provides that the commission may examine into, ascertain and keep records of, and make appropriate reports to the minister on the water transportation industry and undertakings and services directly related thereto. The Minister of Trade and Commerce is reported as having said during the last few days that if there had been any change in government economic policy the government had not bothered to notify him. I have nothing to say on that score. I am only a member of the Liberal party in the House of Commons, but nobody bothered to notify me

that some time during the last few months responsibility for the Navigable Waters Protection Act had been transferred from the Department of Public Works to the Department of Transport. I accidentally, which is probably the way it was intended, learned this from a letter that was shown to me by a resident of Etobicoke who had received it from Ottawa.

I have received no official notice of this transfer outside of the letter which I saw, and other hon. members whom I told about it were also surprised, but that is par for the course. The north shore of Lake Ontario between the Humber River and Etobicoke Creek, a distance of about four miles, is still being filled in, something to which I intend to make further reference in the near future. But since the supervision of the Navigable Waters Protection Act, which I am happy to say has been taken from the Department of Public Works, is now with the minister's department, will the supervision be directly under the Board of Transport Commissioners, or under the minister himself? If it will be under the Board of Transport Commissioners, then I want to speak at length.

Mr. Pickersgill: I was going to say that I regret it is under the minister himself, but I really do not regret it. If the hon. gentleman would reserve the matter for some other time, he could then have a good crack at the minister. In the meantime I will try to do something.

Mr. Cowan: I have heard that promise made by other ministers previously. I only hope more reliance can be placed on this last statement, in the hope of speedy action, than we were ever able to place on the previous ones.

The Chairman: Do I understand that the clause is to stand?

Mr. Pickersgill: No, I think we have resolved our differences.

The Chairman: Shall the amendment carry?

Some hon. Members: Carried.

Amendment agreed to.

Clause as amended agreed to.

On clause 16—*Definition of "carrier".*

Mr. Pickersgill: If hon. gentlemen will permit me I wish to offer an amendment which is consequent upon the amendment made to clause 1 and upon a suggestion made by the hon. member for Peace River. It reads:

That Bill C-231, an act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions, be amended by striking out paragraph (a) of subclause (3) of clause 16 on pages 9 and 10 thereof and substituting therefor the following:

"(a) whether the tolls or conditions specified for the carriage of traffic under the rate so established are such as to create

(i) an unfair disadvantage beyond any disadvantage that may be deemed to be inherent in the location or volume of the traffic, the scale of operation connected therewith or the type of traffic or service involved, or

(ii) an undue obstacle to the interchange of commodities between points in Canada or an unreasonable discouragement of the development of primary or secondary industries or of export trade in or from any region of Canada; or"

• (6:00 p.m.)

I think that does encompass the points made by the hon. gentleman, and I hope the Minister of National Defence is willing to move the amendment.

Mr. Hellyer: I so move, Mr. Chairman.

Mr. Baldwin: I may say that the progress being made by the minister in respect of this bill has inspired him to provide what I think is a very reasonable amendment which meets very substantially some of the points I raised during the discussion on clause 1 and at the resolution stage. This is a very important part of this bill, as indicated by the minister. It is through this provision that the commission will have an opportunity of examining and deciding to what extent there are inequities or disadvantages as a result of the rate setting function established by this legislation.

One problem has occurred to me which is not dealt with by the amendment. I did not have it in mind when we were discussing the bill earlier but we had not reached the clause by clause discussion then I could not have raised the point at that time.

Clause 16 states in part:

(1) In this section, "carrier" means any person engaged for hire or reward in transport—

Subclause (2) states:

Where a person has reason to believe

(a) that any act or omission of a carrier or of any two or more carriers, or

(b) that the effect of any rate established by a carrier or carriers persuant to this Act or the Railway Act after the commencement of this Act,

I should like to ask the minister to direct his attention to what will become subclause

(3) of clause 16, which is the clause by which a captive shipper shall be determined and the clause by which the maximum rate shall be fixed. This is probably one of the most important clauses so far as regulatory control and rate-fixing provisions are concerned.

Is it not a fact that under new section 336 the rate referred to is not one fixed by a carrier but by the commission?

Mr. Pickersgill: That is right.

Mr. Baldwin: That being the case, how would it be possible for the commission under clause 16 to review a rate so established? The only two bases on which this can be done are covered in paragraphs (a) and (b) of subclause (2), where there is an act or omission on the part of a carrier or two or more carriers. I do not think an act or omission under clause 16 can be related to what a carrier does pursuant to an agreement made under new section 336. If the rate is one to be established by the carrier that is all right, but if it is established by the commission am I not correct in assuming that clause 16 could not be applied to what will be new section 336? Would the minister comment in that regard?

Mr. Pickersgill: I should think that would be correct. If the commission itself established a maximum rate under section 336, that being an act of the commission perhaps it could not very well be reviewed by the commission and could be subject to an appeal to the Governor in Council. If it was felt the commission had erred in law in fixing the rate an appeal to the courts would be involved. That would be the recourse once the commission itself had acted. Here we are talking about rates that are not maximum in the technical sense but rates that might be considered to be prejudicial to the public interest as defined in the general terms of clause 1 and as redefined here in almost identical language. The commission can interfere with what the carrier has done but I do not see how it could interfere with what it had done itself.

Mr. Bell (Saint John-Albert): To follow that up, I think the minister has said at various times that clause 16 would be a balance in respect of many evils that might occur as a result of new section 336.

Mr. Pickersgill: That is not quite the way I would put it. The position I take is that new section 336 provides that there will be a maximum rate which can be established in respect of captive shippers. As the hon. member for Qu'Appelle pointed out very well last night in his argument, many bulk shippers will never be protected by this kind of a maximum rate. What they need is an assurance that there will be no unfairness in respect of the rate established under similar conditions. We have sought to give this assurance by accepting the spirit of the amendment suggested by the hon. member for Peace River and supported by the hon. member for Qu'Appelle. That is what is fundamentally provided here.

• (6:10 p.m.)

Mr. Baldwin: I was not present during the committee hearings and I must rely on the transcript of the discussion which took place between the minister and Mr. Frawley who was appearing for the province of Alberta. Mr. Frawley expressed very serious concern about the effect of new section 336, particularly as it has the effect of narrowing section 336 of the present Railway Act which does provide some measure of protection in respect of equalization. That, of course, has been taken care of to a limited extent in clause 1. But, quite frankly, from that exchange and from what has been said since, I was under the impression until a short time ago that clause 16 was also to include the right of review with respect to the establishment of maximum rate control under section 336.

In those circumstances I will have to review my position in the matter. For example, the amendment moved by the minister provides, by new paragraph (a) of subclause (3) of clause 16:

> "whether the tolls or conditions specified for the carriage of traffic under the rate so established are such as to create
>
> (i) an unfair disadvantage beyond any disadvantage that may be deemed to be inherent in the location or volume of the traffic, the scale of operation connected therewith or the type of traffic or service involved, or
>
> (ii) an undue obstacle to the interchange of commodities between points in Canada or an unreasonable discouragement of the development of primary or secondary industries or of export trade in or from any region of Canada;"

This provision will not apply to any arrangement or agreement establishing a rate under new section 336. I do not know whether the minister has received any information from his officials in this connection and whether any estimate has ever been made as to the extent of traffic which may be covered by section 336. It is my understanding that a very substantial amount of the traffic is likely to be included under this particular method of establishing tolls.

If there is to be no opportunity for review by the commission in this respect, save the

opportunity to go to the cabinet or the supreme court on questions of law, I think there is a very substantial limitation in this legislation. I know that other hon. members wish to speak on this matter and I shall not say any more at the moment except to ask the minister for his views in this regard. Before the matter is concluded I may have more to say. It seems to me that under those conditions we are placing beyond the power of people who will be affected by new section 336 much of the benefit which I thought would have flowed to them under clause 16 dealing with appeals.

Mr. Pickersgill: Mr. Chairman, I wonder whether the hon. gentleman would direct his attention, as mine has just been directed, to subclause (4) of clause 16. It is to be found on page 10 of the bill and reads as follows:

> If the Commission, after a hearing, finds that the act, omission or rate in respect of which the appeal is made is prejudicial to the public interest, the Commission may, notwithstanding the fixing of any rate pursuant to section 336 of the Railway Act but having regard to section 334 of that act, make an order requiring the carrier to remove the prejudicial feature in the relevant tolls or conditions specified for the carriage of traffic or such other order as in the circumstances it may consider proper, or it may report thereon to the Governor in Council for any action that is considered appropriate.

So it would appear, notwithstanding my rather quick answer, that the hon. gentleman's first impression is the correct one.

Mr. Baldwin: That is what I thought. That is why I wondered whether this does not mean that there is a conflict between subclause (2) which says, "that the effect of any rate established by a carrier or carriers pursuant to this act", and so on, and subclause (4). Perhaps we could leave this matter for the time being and the minister could arrive at some wording that would reconcile the difference. I was quite satisfied with subclause (4) but when I read subclause (2) I wondered how a person could get before the commission when the rate was not established by the carrier but by the commission. This has been puzzling me and that is why I raised the matter. I shall not pursue it any further, Mr. Chairman. The minister has reassured me in what he said, because it now appears that there is some means by which it could be done. This conflict, which might lead to difficulty later, might be easily resolved now by some explanation. I will leave the matter, but I hope the minister will be able to resolve my quandary at a later stage of this discussion before the clause is passed.

[Mr. Baldwin.]

Mr. Schreyer: Mr. Chairman, I should like to make further reference to clause 16 along the lines on which the hon. member for Peace River has spoken. As I recall it, the inclusion of clause 16 in the bill was welcomed by most members of the committee and interested parties who appeared before the committee. It seems to me to have the effect of giving to the shipper a greater degree of protection from unfair or prejudicial rate-setting by the different modes of transportation. The amendment put before us a few minutes ago by the minister does not really, I take it, change the substance of clause 16. It does not detract from it but if anything adds to the benefits of clause 16. There is, however, one amendment which I should like to suggest to the minister. It relates to subclause (4) of clause 16. I would explain my amendment in this way. Clause 16 (2) reads as follows:

> Where a person has reason to believe
>
> (a) that any act or omission of a carrier ... may prejudicially affect the public interest in respect of tolls for or conditions of the carriage of traffic within, into or from Canada, such person may apply to the Commission for leave to appeal—

Then the commission may make an investigation into the allegation of rate-setting that prejudicially affects the public interest. This is fine. Then we come to subclause (3) which reads as follows:

> In conducting an investigation under this section, the commission shall have regard to all considerations that appear to it to be relevant, including, without limiting the generality of the foregoing, (a) whether the tolls or conditions specified for the carriage of traffic under the rate so established are such as to create an unfair disadvantage—

I emphasize the words "whether the tolls or conditions specified...are such as to create an unfair disadvantage", presumably to one shipper as opposed to another shipper of a like commodity or goods. I think this is a good provision, and because it is a good provision the very same wording should have been inserted in subclause (4). In my submission subclause (4) should read as follows:

> If the commission, after a hearing, finds that the act, omission or rate in respect of which the appeal is made is prejudicial to the public interest or unduly preferential of one shipper as against another—

There is another alternative:

> —or such as to cause unfair disadvantage, the commission may—

Then the clause should continue with the present wording. I do not want to make it awkward for the committee and the minister to deal with my suggestion, but I think it is a

very important one. It could be crucial. I move:

• (6:20 p.m.)

That clause 16 (4) be amended by adding after the words "public interest" in line 12 thereof the following words "or unduly preferential of one shipper as against another".

I move this amendment, seconded by the hon. member for Nickel Belt. If the minister does not quite understand the gist of the amendment—

The Chairman: Order, please. Perhaps I should point out to the hon. member for Springfield that there is already before the committee an amendment to clause 16. After that amendment has been dealt with it will be possible to receive the amendment moved by the hon. member for Springfield.

Mr. Schreyer: Mr. Chairman, on the point of order, I thought that the amendment moved by the minister had been accepted unanimously. However, if his amendment is still before us I would ask you, Mr. Chairman, to hold my amendment in abeyance until the minister's amendment is dealt with conclusively.

Mr. Pickersgill: I would be quite happy to have my amendment accepted if it is agreeable to the committee. Then we could have the hon. member's amendment properly before us.

Mr. Horner (Acadia): Mr. Chairman, I should like to speak on the minister's amendment. However, if the hon. member for Springfield has more to add I will defer to him at the present time.

Mr. Schreyer: Mr. Chairman, I have no more to say at the present time.

Mr. Horner (Acadia): In saying a word or two on clause 16 and dealing with the minister's amendment I would like to point out first of all that clause 16 is one of the most important clauses in the bill and I hope that the house will give it proper consideration because in a sense it is a clause which cancels out or circumvents section 317 of the old Railway Act which states that there shall be no discriminatory increases or reductions in tolls in favour of or against any user. That same clause, which is circumvented in a sense by this clause, says that tolls should not be unjustifiably discriminatory as between different localities and that tolls shall always be charged equally to all persons in circumstances and conditions which are substantially similar. In other words, this clause does not spell out in so many words what is contained in the old Railway Act, namely, that there shall be no discrimination.

Under clause 16 as it now stands—I have not really considered fully the amendment moved by the minister—there is nothing to prohibit discrimination by the railways. Clause 16 does not prohibit the railways from discriminatory action if they desire to take it. In other words, there may be two industries not necessarily in the same location producing a similar commodity. The railway could set preferred rates for one industry because that industry might be a subsidiary of a parent company which did much business with a railway. What would happen then? The subsidiary company might receive a preferred rate while the other company would be left out in the cold because, whether we like it or not, it is a fact of life that transportation contributes up to 50 per cent of the ultimate cost of goods in the case of some commodities. The association of mines appeared before the committee which dealt with the bill and one of its representatives said that in some cases transportation represented up to 70 per cent of the ultimate cost of the product moved by railroads. I say that it represents up to 50 per cent of the cost of many goods.

Clause 16 attempts to set out whether or not there shall be discriminatory rates. It says "may prejudicially affect the public interest" but the words "public interest" are not defined. I have an amendment to move with regard to this clause and I will suggest it to the minister. I know that the minister heard this point made several times in the committee. Since I consider that "public interest" is not defined in the clause I am prepared to move an amendment before the clause is passed. The amendment is as follows:

That after the words "may prejudicially affect" in line 32 of clause 16 (b) the following words be inserted "the business of the complainant or"

It could also read "may prejudicially affect his business or the public interest", or one could say "the shipper affected". There are many words one could use to convey the same message with regard to this particular clause. As it now stands the shipper who feels an unjust rate has been applied to him may appeal to the board but he must prove that the public interest is affected.

This is not good enough because how can a shipper who feels that an unjustifiable rate has been set prove that it also affects the public interest unless the community in which he is living is solely dependent on his business? I know there are many places in

which this situation may arise. The hon. member for Lotbinière laughs but there are many small towns in Quebec which are dependent solely on one industry. There are also many small towns in western Canada and in Ontario which depend solely on one industry. If such an industry were subjected to rates which it considered unjustifiable or discriminatory under this clause it could appeal but it would have to prove that the public interest was affected. If it was the sole industry in that town I suppose it could prove conclusively that the public interest was affected, but if it was a small budding industry just starting out how could it prove that the public interest and the livelihood of the community were affected? This is my interpretation of the words "public interest" and I hope that some amendment can be made in line 32 of that clause.

I have no objection to the amendment moved by the hon. member for Springfield in line 12 of page 10 of the bill. The minister's amendment deals to some degree with this particular part when it suggests that there shall be no unfair disadvantage beyond the disadvantage which may be inherent in the location. To some degree this offsets the discriminatory aspects which could prevail under clause 16 but it does not go quite far enough. I have in mind now a particular plant which has made an application to the Board of Transport Commissioners with regard to a discriminatory rate which was set in Lethbridge, Alberta. This is a substantial firm producing vegetable oil which has become a much desired commodity in many households across Canada. They feel that the rate which the railways have set is discriminatory. How could they prove under this particular clause that because the rate is discriminatory to their business it will also affect the public interest to any real extent? How large is the public interest? Is the public interest affected when 10 people are affected by receiving employment in that particular factory or does it mean 100 people, a small village, half a province, a whole province or half of Canada? There is no definition of the public interest in this particular clause.

• (6:30 p.m.)

The minister's amendment does not go far enough. It refers to unfair disadvantage beyond any disadvantage which may be deemed inherent in the location or volume of traffic. Let us say a shipper is moving a small volume of traffic and feels that the rate is discriminatory. Clause 16 places the railroads in a position where they may judge which industry or manufacturer making a similar product will survive. I am getting right down to the nub of the problem, as I see it. The railways may be in a position to give one industry a preferred rate in comparison to another industry. This may be done for umpteen reasons. The railways may give that industry a preferred rate because that industry may have a parent company which gives the railways a tremendous volume of business from some other location.

I throw this out as an example of a situation that may arise. There may be other situations which may arise. It may be that over the years this company has given the railway a great volume of business and the railway is appreciative. Last fall I heard of a livestock shipper who became so antagonized against one of our major railways that he would not ship one head of livestock on that railway. He would move livestock a couple of hundred of miles by truck to a point where he could use another railroad. He thought he had been discriminated against by some action the railroad had taken. Such conditions may well arise as a result of the discontinuation of the old section 316 of the Railway Act and the substitution of clause 16 of the bill for it.

I was in my office for a few minutes making some long distance telephone calls so I may have been out of the house when the minister defined what he means by "public interest". If that is the situation, I apologize for taking up so much of the time of the committee. If the minister has not made such a statement, then I hope he will give some definition of what he regards as the public interest. I quite well remember the definition he gave to the representatives of the Alberta government when they appeared before the transport committee. He said it may well be—I am paraphrasing what he said—that the provincial government will defend its citizens in large matters affecting the public interest. In other words, the minister is saying that the public interest would have to be affected to such a degree that it would arouse the interest of the provincial government before that matter could be considered under clause 16. In my opinion, that definition is too broad.

Surely if I am concerned about my business, my family's livelihood, I should have some right to some protection or some right of appeal against a discriminatory rate under the provisions of this bill. It should not matter whether many other people are affected. I should be able to appeal to this commission

and say that this is a discriminatory rate which the railroads are forcing me to use. I should be able to ask the commission to consider whether or not it is discriminatory and to rule on what the rate should be. I do not believe this is asking too much. I do not believe it is asking too much to have such words added to this clause as, "his business or the public interest." The minister may word the amendment any way he likes. I find that my suggestions are more readily accepted if I allow the minister to work out the details.

Surely a shipper should have the right of appeal if he feels rates are discriminatory. A shipper did have this right under the old act and that is all we are asking for under this bill. I mentioned a small vegetable oil plant in Lethbridge which is now in the grip of what the people concerned feel to be a discriminatory rate. In other words, unless they receive some relief from the transportation problem connected with their commodity they will practically be forced out of business. This is the sort of thing with which industries have been faced in this country from time immemorial. If you are starting up a plant, you must first of all consider the location and the transportation rate on the finished product.

The mining association said that in some cases something like 70 per cent of the cost of their finished product is transportation. They said that on the average 50 per cent of the cost of putting their goods on the market was transportation. I do not believe the percentage is quite that high for manufactured goods. However, I do feel this is a major consideration for any manufacturer who is starting in business. He has to locate that business at a point where he can obtain raw materials at a low transportation rate and also send his finished product into the market at a low transportation rate which will enable him to compete. This clause does not give him enough protection.

This is where I come to the crux of my problem. I say this clause does not give him enough protection from discriminatory action by the railroads. Many people feel that the railroads are in a position, through their regulations, to rule out unjustly a plant, a manufacturer or an industry. This gives the railroads a power to which I do not feel they are entitled. I do not think this house feels they are entitled to it and I do not think the people of Canada feel the railroads are entitled to that power.

We must bear in mind the fact that the railroads have to some extent been built with funds from the public treasury. The minister well knows this is true, and this aspect of my remarks has been discussed by many members. One must bear in mind that basically the whole transportation industry in this country has been subsidized and maintained by the taxpayers. It is for this reason the taxpayer says, "I want protection; you have spent my tax dollars." He says, "you have spent my tax dollars on the St. Lawrence Seaway, which is a means of transportation, you have spent my tax dollars on the Canadian National, which is a means of transportation, and I want protection. You have subsidized many aspects of the Canadian Pacific, and I want protection."

The citizen says he wants protection from discriminatory action by each one of these modes of transportation. As I say, clause 16 really does not give that protection. The minister's amendment does not go quite far enough although it goes farther than clause 16 and I commend the minister for suggesting it. The minister's amendment may be acceptable to the committee, and I have no objection to it. However, I wanted to speak on it before it was passed. I wanted to point out that it did not go far enough. There should be some words added either before or after "public interest" or there should be a definition of public interest in this bill. What does public interest mean?

I am sure I have gone into that sufficiently to enlighten the minister as to my views in that regard. I invite the minister to comment on the meaning of public interest if he has not done so.

Mr. Pickersgill: The hon. gentleman did not miss anything by being out making his telephone calls because I did not deal with this particular problem. I am very glad to deal with it now. When the Fathers of Confederation put the peace, order and good government phrase into section 91 and then said "notwithstanding the generality of the foregoing", they found out that "the foregoing" did not mean very much. I would be loath to restrict the capacity of the commission—after all its judgments can be be appealed to the courts if it makes a mistake—and circumscribe its ability to define what is the public interest.

• (6:40 p.m.)

This is a real problem and was the main reason I proposed the amendment last night to clause 1, which really was suggested by hon. gentlemen opposite, that the conditions set out in clause 1 were by clear definition part of the public interest. Therefore, because of the fact

that clause 1 makes reference to unfair disadvantage beyond any disadvantage that may be deemed to be inherent in the location or volume of the traffic, which expression we are including again in clause 16, it seems to me that any commission would have to reach the conclusion that there was unfair discrimination between shippers in anything like like circumstances; in fact it would be contrary to the public interest because the bill so provides in clause 1, where it states the purposes.

I am not a lawyer, of course, but I have been toying with the idea of meeting the point made by the hon. gentleman and at the same time probably meeting the point made by the hon. member for Springfield as well by putting after the words "public interest" the words "as defined in clause 1, or otherwise", so that this does not limit it.

For example, there might be other aspects of the public interest involved. The hon. gentleman put the case of one industry in a town and a rate being applied which would put it and the whole community out of business. This might be something that the commission would consider not in the public interest to do. I would not want to place any limitation upon it if I could avoid it, but that would ensure that if there was any unfair disadvantage it might come within the term "public interest" in the amended clause 1. That might meet a little more neatly the point the hon. member for Acadia has in mind.

I think there is an objection to saying that a rate might prejudice or affect someone's business. Every freight rate, even if it is a fair one, affects one's business. I think that might open the way to too many frivolous appeals and would congest the commission with all sorts of cases which should not require to be heard at all because there would be nothing in them. That is one thing we want to get away from. The hon. gentleman indicated that he did not want too much bureaucracy, and neither do I. I do not think that even the hon. member for Springfield wants wasteful bureaucracy; he just wants bureaucracy.

I should not like just off the cuff to say that the words I have suggested would be satisfactory without first speaking to the draftsman, but I think they would really nail down the point raised earlier by the hon. member for Peace River. They make it quite clear that any rate which was established and which created an unfair disadvantage between one shipper and another under the conditions set out in this amendment would create a prima facie case which you would not have to prove.

[Mr. Pickersgill.]

That is what the hearing woud be about; all you would have to do would be to allege unfair disadvantage and give enough evidence to justify the hearing being held. I think that might meet the whole problem pretty well.

There is one point that perhaps hon. members have not fully appreciated and it is this. There is no such thing as a secret rate. Several references have been made to the possibility of a railway giving better rates to its subsidiaries or its favoured customers than to others. Under the law every railway rate has to be published, so that any other shipper can ascertain the rate that his competitor is paying. Therefore, once we have inserted these words into the bill there should not be much difficulty in one shipper getting prima facie evidence that his rate is manifestly unfair as compared to another, that is, enough evidence to make the charge and to demand a hearing.

Provided the draftsman does not find some hidden disadvantage in these words which I cannot find, and which I do not think the hon. member for Peace River found, this might really do the trick and do it in a way that would relate it directly to one of the matters that might later on have to be proven. Therefore I put forward this suggestion. I understand that we are not sitting between seven and eight so I will have a little opportunity between then to discuss this point. At the same time I will discuss the suggestion made by the hon. member for Springfield, even though his amendment cannot be moved until this amendment is accepted.

No one seems to object to the amendment that my hon. friend the Minister of National Defence moved a little while ago, and perhaps it would simplify the procedure a bit if we could accept that amendment anyway, if it is agreeable.

Mr. Baldwin: I have no objection, Mr. Chairman, but with regard to the matter the minister raised I am inclined to go along with him only to this extent. I think it is most difficult to define with precision, as I said before, the words "public interest". For the protection of the shippers of Canada and of the people of Canada who use transportation facilities I hope that when the commission gets its teeth into this question and starts work on it it will develop a jurisprudence with regard to the words "public interest" which will become wider and wider and wider.

Mr. Pickersgill: That is what I hope too.

Mr. Baldwin: But I should like to see a minimum safeguard. Having in mind what the

hon. member for Acadia said and what the minister suggested with regard to it, if there can be some linkage between clause 1 and clause 16 so that we know that the words "public interest" will not mean anything less than certain specified conditions and can, we hope, come to be interpreted by a broad, small "l" liberal commission in a very wide and free sense, then I think we will probably get the best advantage we can from it. But in view of the way it was left the hon. member for Acadia and other hon. members on this side as well as myself felt we were leaving too much to chance. Perhaps between now and eight o'clock the minister may come to some determination on this question and see whether it can be done.

Mr. Danforth: Mr. Chairman, when the minister is considering the words "public interest" may I also ask him whether he will consider under subclause (2) of clause 16 the definition of the word "person". Does the definition mean that a shipper or a corporation or an individual may, if he has a grievance, and perhaps being neither a shipper nor a carrier, bring a problem to the attention of the commission? Perhaps we could have a reasonable definition for the word "person" as well as "public interest".

• (6:50 p.m.)

Mr. Pickersgill: Never having practised in the courts I should like to get legal advice on this point. I know that a person includes a corporation. A person need not be an individual. It means any legal person and the courts, I think, under our system of jurisprudence have always taken the view that you cannot start an action unless you have some interest—and that does not mean curiosity. That means that you must be affected in some way.

Perhaps the hon. member for Peace River will correct me if I am wrong, but think someone coming in off Sparks street could not say, "I have reason to believe that mine X in Quebec is being charged more than mine Y in northern Ontario for shipment of the same goods", when he was not a shareholder in either company. I think this would be regarded as frivolous and vexatious.

Mr. Baldwin: There is the matter of remoteness, too.

Mr. Pickersgill: Yes. A person would have to have some legitimate or reasonable interest in the matter, or you would make a mockery of any tribunal. "Person" certainly means a corporation. It can also mean a municipality, which is a corporation too, if the interests of that corporation were affected.

Mr. Schreyer: Hearing the minister's suggested change in wording, I thought at first it had merit. I wonder whether it has enough merit to allay the misgivings expressed by the hon. member for Acadia, the hon. member for Peace River and myself. Until we have a sufficient body of case law to elaborate clearly the definition or concept of public interest we ought to take pains to spell out more explicitly in this legislation what the words "public interest" may involve. That way we might give a greater measure of protection to individual shippers from being charged unfair rates and being put at an unfair disadvantage. I hope that between now and eight o'clock the minister will be able to accept the wording I have put forward. I hope I shall not have to move the amendment, because much time would be lost. I should like to see an extension of the wording of subclause 3. I should like to see it extended to subclause 4 in such a way that the commission shall be empowered under subclause 4 to take into account not just whether a matter is prejudicial to the public interest but to say that any rate may give an unfair disadvantage to one party or an undue preference to it.

After all, why is it that in subclause 3 the commission is authorized to make an investigation to see whether a rate charged may create an unfair disadvantage? If the commission is authorized to make such an investigation why can it not be authorized to make an order under the provisions of subclause 4 such as I have indicated? You would have to carry forward similar wording from one subclause to another of clause 16. If that were done I think it would rectify what I conceive to be a problem, and it would also satisfy other hon. members.

Mr. Pickersgill: I suggest to the hon. gentleman, since the words in the amended subclause 1 are precisely the same as those in subclause 4, that if we put after the words "public interest" in both places, in subclause 4 and subclause 1, the words "as defined in clause 1 or otherwise", which would be section 1 when this becomes an act, it would be perfectly clear that the whole definition in clause 1 of the bill is part of the definition of "public interest" but that it is not the whole definition of "public interest". That is the problem I have in my mind. I do not want to seem to restrict the public interest merely to this unfair disadvantage. I certainly think that, without change, the commission would

have no choice but to regard that as meaning "contrary to the public interest". I think this is one of the clauses that, defines interest. But if we have it, as defined in clause 1, we are nailing it down, it seems to me, beyond peradventure.

Mr. Bell (Saint John-Albert): Mr. Chairman, my fear is somewhat different. I will only take a minute. So far as the definition of "public interest" is concerned I agree that there should be as much qualification as possible. Surely there is considerable definition and interpretation of "public interest" already in the decisions of the transport boards and in the common law relating to railway matters and the like. What bothers me are words in the new subclause 2 that the minister proposes such as "unreasonable". This is an honest effort to deal with some of the regional geographic problems about which we talked on clause 1. While this does not go as far as bringing in a real equalization formula, this part does have a regional aspect. I worry about words such as I have mentioned, which have been untested. What do the words "unreasonable discouragement of the development of primary or secondary industries" mean? I mention to the minister that my fears extend also to the new part. I know that the minister will come in with a revised amendment at eight o'clock. It might be better if we accepted this amendment and then stood the clause as we have stood clause 1, because of the full implication of what I have said. In fact, the minister has stated that this is the heart of the bill. I have certain reservations. I think it might be better not to pass clause 16 tonight.

Mr. Pickersgill: We should perhaps wait until eight o'clock to decide whether to accept the hon. gentleman's suggestion, which has a certain amount of appeal for me. I should like to see the amendment carried. This amendment is in exactly the same wording that satisfied the committee last night on clause 1.

• (7:00 p.m.)

I hope we shall not have to open the language of the amendment again. I would like to see whether this other suggestion of mine is acceptable—I can put it forward formally at eight o'clock. I would also like to have a chance at eight o'clock to say a word or two about the proposal made by the hon. member for Springfield. After that is done, if hon. members think greater progress might be made by standing clause 16 as amended, I should like to move on to some of the less contentious clauses of the bill.

[Mr. Pickersgill.]

Mr. Knowles: Seven o'clock.

The Chairman: I understand there was some agreement that the sitting should be suspended between the hours of seven and eight. Shall I rise and report progress?

Mr. Pickersgill: Would it not be possible to abbreviate matters by simply suspending the sitting of the committee?

The Chairman: The time saved would probably be not more than half a minute and it is the opinion of the Chair that to do as the hon. gentleman suggests would be highly irregular.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty, pursuant to provisional standing order 39(A) to inform the house that the questions to be raised at the time of adjournment tonight are as follows: the hon. member for Lotbinière (Mr. Choquette), historic monuments—restoration of the manor of Sir Etienne Pascal Taché in Montmagny, Quebec; the hon. member for Queens (Mr. Macquarrie), Sir John A. Macdonald—inquiry as to plans for honouring birthday; the hon. member for York-Humber (Mr. Cowan), Royal Canadian Mounted Police—Edmonton, Alberta—compassionate payment to widow on death of constable.

Does the house agree to suspend the sitting until eight o'clock?

Some hon. Members: Agreed.

Mr. Deputy Speaker: And to resume the work of the committee?

Some hon. Members: Agreed.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed consideration in committee of Bill No. C-231 to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: I do now leave the chair.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 8 p.m.

The Deputy Chairman: When the committee rose at seven o'clock it was considering clause 16 and a proposed amendment by the Minister of National Defence. Shall the amendment carry?

Some hon. Members: Carried.

Amendment agreed to.

Mr. Pickersgill: Mr. Chairman, before we adjourned at seven o'clock I promised that together with my advisers I would give consideration to the possibility of defining the term "public interest" in clause 16 without circumscribing it, so as to meet the points raised by the hon. member for Acadia and the hon. member for Springfield. I have an amendment here which I think will accomplish what both of them have in mind, and in a fashion which I hope will not limit the commission from taking a broad, or as the hon. member for Peace River said, a liberal view of the term "public interest." It is not quite as simple as it appeared to my simple lay mind, but it is still pretty simple. The amendment reads as follows:

"That Bill C-231, an act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions, be amended by striking out lines 20 to 24 inclusive, at page 9 thereof and by substituting therefor the following:

Definition of "carrier", "public interest".

"(1) In this section,

(a) the expression "carrier" means any person engaged for hire or reward in transport, to which the legislative authority of the parliament of Canada extends, by railway, water, aircraft, motor vehicle undertaking or commodity pipe line; and

(b) the expression "public interest" includes, without limiting the generality thereof, the public interest as described in section 1."

I think that meets the situation. It means that the same words would be applied to the term "public interest" as the commission has to take account after a prima facie case is made. I think it is very desirable that instead of having one set of words to establish a prima facie case and another set of words to prove it, we should have the same set of words to meet both circumstances.

I believe this amendment meets the situation neatly, a situation which I confess troubled me since before Christmas when the hon. member for Peace River first mentioned it. There could be no doubt, with this language in the bill, that anyone who could provide prima facie evidence that there was an unfair disadvantage as described in clause 1, and as described again in clause 16 as we have just amended it, would have established his right to have a hearing. I gather from the expression on hon. gentlemen's faces that this would meet with general approval and so I ask my colleague, the Minister of Public Works, to move the amendment.

Mr. McIlraith: I so move, Mr. Chairman.

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: Carried.

Amendment agreed to.

The Deputy Chairman: Shall the clause as amended carry?

Mr. Baldwin: The minister has been so flexible that I think I should try to find out how flexible he really is, and where the iron hand shows beneath the velvet glove.

I remind the minister of what I said about subclause (2) and my fear, which apparently is not shared by his legal advisers, that in order for a person, as defined under the subclause, to get to the commission he must first show that he has reason to believe the effective rate established by a carrier does such and such things.

• (8:10 p.m.)

When one relates this to new section 336 the rate established would not be a rate established by a carrier but a rate established by the commission and subsequently incorporated by statutory agreement. The minister has indicated that is the advice given him by his legal advisers. We could very easily have made this clear by adding after the word "act" as it appears in line 30 the words "fixed under section 336". However, if the minister and his advisers are satisfied that the words "any rate established by a carrier or carriers pursuant to this act" in fact include a rate established under new section 336 I will go along with it, but I do so dubitant. I would not be doing my duty if I did not express some doubt and ask the minister for his views.

Mr. Pickersgill: That is my advice and I must say, although I am not as learned as my hon. friend, I agree with it. The rates determined by the commission must still be established by publication. Therefore the law is sufficient, and by following the hon. members suggestion we would just be adding unnecessary verbiage. The bill is becoming quite

lengthy and I would prefer not to complicate it further.

Mr. Baldwin: We shall test the determination of the minister on some other aspect of the bill.

Mr. Cowan: Mr. Chairman, I left this committee about ten minutes after six and returned at twenty minutes to seven. I should like to ask the minister whether I heard him correctly when he said in respect of clause 16 that decisions of the Board of Transport Commissioners could be appealed to the courts. I ask this question because I do not like the use of the phrase "court of record". I checked into the legal and judicial use of that phrase. The hon. member for Elgin informed me tonight, when I asked him about appeals, that the only appeal from a decision of the Board of Transport Commissioners is to the minister.

At page 11 of this bill under clause 18 it is stated that an applicant or an intervener on an application may appeal to the minister from a final decision. At page 12 there is a further reference to an appeal to the minister I am told, and verily believe, that one cannot appeal to the courts from a decision of the Board of Transport Commissioners. I should not like *Hansard* to contain a statement which is not legally correct.

Mr. Pickersgill: An appeal to the courts is already provided under the law as it stands. This is not being disturbed by the new legislation. There is provision for an appeal on questions of law from every decision of the Board of Transport Commissioners, and there is also provision for an appeal on questions of fact to the governor in council. There are certain provisions for other kinds of additional, but rather more limited, appeals to the minister under the Aeronautics Act. By this bill we are providing for certain appeals on matters of fact to the minister, but these are in addition to the existing appeals being retained in the bill.

Mr. Bell (Saint John-Albert): There seems to be a fairly good compromise here, but I feel the request I made before supper should be accepted. I do not like to fall back on the excuse that a couple of members who wish to speak on this clause are absent, but if the minister is in a good mood, in view of the fact it is an important part of this legislation and, as someone has said, is a palliative to new section 336, it might be a good idea to allow it to stand. I have had the opportunity of glancing at the transcript of what Mr. Frawley had to say about this new section. It is true that he did not have full knowledge of the import of the new clause 16, but he attacked the section very strongly and pointed out that we are losing certain things by way of unjust discrimination in common law, without much being substituted. If the minister is agreeable I think this clause should be stood in order that hon. members may consider it further.

Mr. Pickersgill: The amendments have carried but if the committee feels it would be desirable to let clause 16 as amended twice stand, while we consider the remaining clauses of the bill, I am agreeable. I agree with hon. gentlemen that this is perhaps the most important clause of the bill. Therefore I do not wish to deprive any hon. member of the opportunity of saying something about it. I do hope we will not have another general debate.

The Deputy Chairman: Shall clause 16 as amended stand?

Some hon. Members: Agreed.

On clause 17—*Committees.*

Mr. Schreyer: I believe under clause 17 we can revert to a discussion of the quorum of the commission. The minister did say that whatever reference there may be to the quorum of the commission in this legislation may be found in clause 5 of the bill. After reading clause 5 and clause 17 it is very difficult, or perhaps impossible, to come to any clear understanding as to what a quorum shall be. Section 12 of the Railway Act presumably will apply, *mutatis mutandis.*

Let me point out to the committee that section 12 of the Railway Act, which states that the quorum shall be two, applies to the 17 man transport commission. Is that an accurate interpretation or does it mean that the same proportion of members shall apply to the new commission. The Board of Transport Commissioners is a seven man body and its quorum is two. Will the minister clarify this?

Mr. Pickersgill: It is not expected that the new commission will ever sit as a whole. In fact we are quite certain that all the members will never sit together, because the vice president in charge of research and one or two other commissioners will mainly be associated with research and will at no time sit on hearings. We expect that normally there will not be sittings of even a majority of the members during any one hearing, though there may be

some very important questions being decided at which time it may be desirable to have a very large bench.

One of the reasons I asked for an amendment to the Aeronautics Act to increase the size of the Air Transport Board was that the number of hearings was so great that cases had to be heard by committees. It is our hope there will be relatively fewer applications to be heard by the new commission, but for the same reason we felt that a quorum of two would apply to the new commission as a whole. Since in the normal course the hearings of the committees will in fact be the final hearings, unless there is some reason for review, if there is to be real flexibility and there are not to be delays this seems to be a reasonable provision.

• (8:20 p.m.)

Mr. Schreyer: Mr. Chairman, I wish to dispute the minister's contention that it is a reasonable provision that the committees of the commission shall function with the stipulation that two members are necessary for a quorum, and then to have that quorum as the quorum for the entire 17-man commission. After all, there is provision in clause 17 for the entire commission to act as a board of review to review cases and orders that have been made by the various committees of the commission. It does not seem very logical that a case or order be reviewed by the commission when conceivably at least the actual review hearing is conducted before as few as two people. If it is a 17-man commission, it seems to me that a quorum should be set which would be at least twice the number of the quorum of the various committees of the commission. I am saying, in effect, that if the quorum for the subcommittees is to be two, it would seem reasonable to have the quorum for the commission, when sitting as a board of review of committee decisions, of at least four or five people. I am wondering whether the minister would not agree that this is a reasonable proposition.

Mr. Pickersgill: I would say at once that I feel quite sure that would be the practice, and probably in a review the number of commissioners who would sit would in most cases be greater than that. We know something about quorums in this house. A quorum is a minimum. This provision means that one commissioner cannot act for the commission. It means that in no circumstances can a decision be taken by one commissioner alone in the name of the commission. After all, we trust that no matter what government may be in office it will see that responsible adults are appointed to this commission. We would expect the commissioners to act in a responsible way. I do not feel it is necessary to prescribe a higher quorum for these other occasions, because I believe that the ordinary good sense and judgment of the people who will constitute the officers of this commission will be such that the public will never be scandalized by the kind of situation that the hon. gentleman suggests might be theoretically possible.

Mr. Horner (Acadia): Mr. Chairman, I should like to say a word more in regard to clause 17. I refer to the establishment of a commission and the setting up of the various committees laid down in the clause. My concern is with regard to the appeal section of the bill. I was led to believe that with regard to a ruling made by the commission, one could appeal to the commission and another group of the commission would hear the appeal. I may be wrong in my understanding, and if I am I would expect the minister to correct me.

My understanding of this clause is that five committees at least will be set up consisting of not less than three commissioners, exclusive of the president who is to be an ex officio member of every such committee. What real benefit will be afforded under the appeal section of this bill if we are to have a railway transport committee that will rule on and deal with railway matters, and will become very knowledgeable in regard to such matters, and the appeal to the commission is heard by members of the commission who may not have any adequate knowledge of a situation or the ruling made in regard to that situation?

Is it really necessary for this bill to set up committees? In other words, if I were a member of the commission, could I not—after, of course, a great deal of study—act very capably with regard to a railway problem one month, and several months later act very capably with regard to a problem under the Aeronautics Act in conjunction with the air transport committee or a temporary air transport committee? I do not like to see the commission broken down into committees as rigidly as is set out in this clause. I do not think we will accomplish anything by doing this.

If we carry into effect what is set out in this clause, how will this be different from the present situation? Under the present situation we have various commissions studying various problems. Under this bill we will set up an over-all commission and break it down into committees. If we break the commission

up into committees, I think we will get away from any advantage that may be acquired by bringing these people together. I believe the commission could serve a much more useful purpose if it were not broken up. I agree that in a sense what will eventually evolve as the practice will be the hearing of a problem by a group of commissioners, or a quorum of the transportation commission as was suggested by the hon. member for Springfield, but I do not think it is necessary to lay down definitely that there shall be a committee on railway transport problems and that committee shall hear nothing but railway transport problems.

If we really want the commission to become fluent and knowledgeable in regard to all modes of transportation, I believe it could better serve that purpose if we did not divide it up as this clause suggests. The members of the commission serving on the commodity pipe line transport committee or the motor vehicle transport committee may well have nothing to do for a couple of years because, as I said earlier, there is at the present time no such animal as a commodity pipe line. There is no commodity pipe line established in Canada. There is no real work for a motor vehicle transport committee.

• (8:30 p.m.)

Therefore why lay down that certain members of the commission shall serve on these committees? Why is it necessary to give a breakdown into committees as this clause of the bill purports to do? I would rather see the bill without subclause 1 of clause 17. I do not see what this subclause accomplishes other than the establishment of a quorum, and I think this could be done better in some other clause of the bill. The minister referred to the quorun when we were discussing clause 5, which says that the following provisions of the Railway Act—and a number of sections are listed—will be included in this bill. However, section 12 of the Railway Act says that only two members shall constitute a quorum. I do not think that two or three members is a sufficient number.

In summary, may I ask the minister to comment on the necessity for giving a breakdown of the commission into committees, other than the setting up of a quorum. Surely a quorum could be established in some way which would allow for greater flexibility and versatility so that members could fluctuate from one committee to another. This would ensure some continuity with regard to regulation of the various modes of transportation. Surely the only real advantage of setting up an all encompassing transport commission is to ensure continuity in the regulations concerning the various competitors in the transport field. I fail to see what the breaking down into committees may accomplish.

Mr. Pickersgill: I am sure that each one of us would have devised a bill which would be different and no matter how it had been done it would have been quite possible to suggest a different method to be followed. The legislation does not require that all these committees be set up before they are needed. I would not expect the motor vehicles committee to be set up in the immediate future, and the commodity pipe lines committee would certainly not be set up until it had something to deal with. Also there is nothing in the bill which says that the members, having been assigned to one of these committees cannot be reassigned from time to time to other committees, and in fact I think that this would be a very desirable thing. It is quite obvious that, in the case of the reviews that are provided, commissioners who have not sat on the original hearing will have to sit on the review, otherwise the review would mean nothing. I do think there is plenty of flexibility here. At the same time we have to remember that it is quite important, if we are to deal with these matters expeditiously, to ensure that a certain number of commissioners who are accustomed to dealing with these matters are appointed. I believe that on balance we will get a fairly good mixture.

Mr. Horner (Acadia): Basically my question was whether this was necessary. The minister said that there must be some members who are acquainted with the subject matter with which they are dealing. I believe that this will come of itself without having to be spelled out in the bill. What will happen is that the railways committee will deal with railways and will become knowledgeable on this subject. However, if there is a review of railway rates it will be given to some other group which has not previously dealt with the matter and which is inexperienced on this particular subject. For example if I were a shipper or a manufacturer in a given industry, and were to ask for a review of a ruling on a certain discriminatory freight rate, a group which might not be fully acquainted with that subject might have to deal with it and to overrule the decision of another group which possessed full knowledge of that subject. This is the danger that I see in the setting up of committees.

In such case what chance would a shipper, a manufacturer or the consumer of transported

goods have in receiving a fair hearing from the committee members.

His chances would be very dim because, as I said, an inexperienced group would be overruling the decision of a more experienced and knowledgeable group. It might very well be that over a number of years two or three members of the commission might be particularly knowledgeable about problems involving air or railway transportation, and may naturally prefer to serve on the committees dealing with the matters in which they are interested. However, I do not think we have to nail it down in the bill and enumerate the specific committees. I think that if the commission were to operate in a flexible manner this would allow members to choose among the committees on which they would prefer to serve so that the shipper, manufacturer or consumer of the shipped goods may be able to have his case reviewed in a more knowledgeable manner and thereby receive a far more just hearing than if the case were put before a group set up in a mandatory fashion in the bill. I ask the minister what harm he sees in deleting the establishment of committees. Does he not feel that the review section would get a fairer and more just hearing if the committees were not so outlined?

Mr. Pugh: Before the minister answers the hon. member for Acadia, may I say that we might run into a good deal of difficulty because of the way in which this clause is drafted simply because it states specifically that the committees will be composed of three members, not counting the president, who ex officio is a member of each and every committee. I can see further danger in the points which have been brought up by the hon. member for Acadia because I take it that a decision of the committee is reached by all its members, which includes the president who is ex officio a member of that committee and who, in the case of an appeal might be named to sit on the appeal committee. Who will constitute the appeal committee which will rule on the previous decision? The minister says that a president or vice president will be a member of that committee; but it seems to me that it is asking for trouble to say that the president of a committee might have to sit on the appeal committee. In all fairness, I cannot see how you could have a just decision. We must remember this is the final appeal on a decision against another carrier. So many words have been used in this clause that it would seem almost impossible to put the president, as an ex officio member, in a position where he will not be sitting in judgment on a case which he has previously decided.

• (8:40 p.m.)

Suppose, for some reason such as ill health, the president was not a member of any committee. According to this provision, he would still be a member of the committee, and this is the danger I see. I believe it is something which should be corrected before the clause is finally passed. I agree with the remarks made by the hon. member for Acadia to the effect that the reason the government has put forward this provision, for setting up committees is the tremendous number of things covered by this clause, the number of modes of transport which the commission will have to handle. This means there must be specialization. If the appeal is from specialists to non-specialists, then to whom are the non-specialists to turn? They must go by the record and by the decisions handed down previously. They may decide it would be difficult to upset these specialists.

I believe, therefore, that the point raised by the hon. member for Acadia is a good one, and that the government should consider, not only eliminating the setting up of these committees of specialists, but should also consider the appeal procedure under which the president and vice president must be members of the appeal committee.

Mr. Pickersgill: The point raised by the hon. gentleman is taken care of completely by subclause (6) which is to the effect that the president and vice president may never both sit on the committee. The purpose of this provision is to ensure that neither one of them sits on a review, if a review is requested, on a matter on which either one originally sat.

Mr. Pugh: If I may interrupt the minister, it is quite obvious that the president is named ex officio to each and every committee set up. If this is a committee on appeal, then obviously he is a member of that. The main point is that, since he is ex officio a member of every committee, then it is just so much verbiage to say that he or the vice president shall sit on appeal. He is a member of every committee, so how can he sit on an appeal from a ruling of a committee? If a committee hands down a decision on an original rate hearing, there is no doubt they hand that decision down with the concurrence of the president, whether or not he is there, because the bill states he is a member of each committee. This provision, therefore, should be removed. You may say

the vice president is a member of the committee, but it is impossible to have the president as a member if the vice president is not available.

Mr. Lewis: Before the minister answers, may I make two very brief points? I do not personally share the view some hon. members have expressed about the set-up of the committee. I imagine it would be rather difficult for the commission to function without some specialists as envisaged in the clause. I want to make one point which is not very important, and I want to ask the minister to reconsider an answer he gave.

I believe some of the fears have arisen as a result of what I am about to refer to in subclause 4. Provision is made for the committee to sit in review, but then follow these words, "otherwise than by that committee of the commission". I wonder whether that language is necessary? I wonder if it would not be sufficient if the subclause provided that the commission may sit in review and that those persons making the review shall be other than those who sat on the original hearing? The bill provides for a committee of three, but of course it may be a committee of three, or of five persons, all of whom will have had some experience in the particular field with which the particular case is concerned.

I cannot see any reason why the members of that committee who did not, in fact, sit on the original hearing should not be able to sit in review in the same way as other members of the commission may. I believe if that provision were made you would possibly answer the fears of hon. members who have referred to the fact that the president is now an ex officio member of each committee. If he does not sit on the original hearing, I do not see any reason why he should not be able to sit in review.

The other point I want to make is to ask the minister to reconsider his rejection of the suggestion made by the hon. member for Springfield concerning a larger quorum. I urge a larger quorum for a slightly different reason than the hon. member for Springfield gave, and not merely because the commission is a large body. I do not imagine that the number of members of the commission who will sit in review will be the entire commission. Obviously certain members of the commission not concerned with regulatory work will not sit. Then the members of the committee or the committee as a whole, as the clause is presently worded, who were concerned with the original hearing will not sit on the committee.

I suggest a larger quorum is required for a different reason. My suggestion derives from ordinary experience in ordinary courts and other forums in which there are appeals. A single judge may sit on the original hearing, but if the case goes to the court of appeal there are usually at least three judges sitting. The reason is an obvious one and I almost apologize for putting it forward since it is so obvious. If we are going to consider changing or perhaps rejecting the decision of a tribunal, then we provide for more minds to grapple with the problem than the number of minds that grappled with it in the first place. I believe that is a quite simple and very logical principle for appeal tribunals. There should be on an appeal tribunal more people, more minds, concerned with the problem than the number of minds that studied the problem and made the decision in the first instance. Therefore, since we have a quorum of two for the first hearing, it seems to me that the member for Springfield is very much in the right in suggesting to the minister a quorum of three or four, when the commission sits in review of a decision made originally. It does not have to be an unwieldy quorum. I wonder whether the minister could not give a second look at that suggestion of my colleague?

Mr. Muir (Lisgar): Before the minister answers, I should like to widen the scope of this discussion a little bit. I am concerned about the powers we are giving this superboard. In subclause (3) of clause 17, reference is made to the fact that a committee of the commission may, in accordance with the rules and regulations of the commission, exercise all the powers and duties of the commission.

Subclause (6) of the same clause refers to the fact that the president and vice president shall not both sit on any hearing before a committee of the commission. The explanatory note for subclause (6) reads as follows:

> The purpose of the amendment is to make sure that the president or the vice president shall not be placed in the position of having to sit upon a review of his own decision.

• (8:50 p.m.)

I am concerned because I think it boils down to the fact that the commission will be sitting in judgment on its own decisions. I think that this is too much power to give to any commission without some check or balance being provided. The commission should be made subject to review by some body other than the commission itself. I do not like the

idea of setting up a commission which is going to make the rules, see that they are carried out, and rule on whether or not its own rules have been broken. This should be subject to review by the elected representatives of the people.

Mr. Pickersgill: I think I should deal first of all with the point made by the hon. member for Lisgar which arises from the fact that we are attempting to create here something which does not exist as far as any of the other boards are concerned. This is a capacity for review within the organization itself before there can be anything that is properly an appeal.

The Board of Transport Commissioners can with a quorum of two make a decision now, the only recourse following that decision being to the courts or to the governor in council. We thought it would be desirable to have an intermediate stage and to have this review, and I think that is desirable. The fact that we have sought to make this provision has created certain technical problems; there is no doubt about that. I think that if the hon. member for York South—I say this with my usual hesitation before an eminent counsel —construed that part of subclause (4) that he read to mean that no member of that committee could sit in review, whether or not he sat on the original case, then that is not what is intended. It is quite clear that one or other of the ex-officio members, either the president or vice president, should always sit in review.

Mr. Lewis: Would the minister inquire about this from his advisers? I cannot see any other possible interpretation.

Mr. Pickersgill: The hon. member is probably right. All I am saying is that that was not the intention. It is perfectly clear from the explanatory note to subclause (6) that that could not be the correct interpretation of the draftsman's intention. For that reason, once I have listened to the various views I will ask to have the clause stand, so that the lawyers can look at it overnight and satisfy themselves on these points.

With respect to the president or vice president sitting in review, my view would be that only in quite unusual circumstances would the president preside over one of the committees, and then the vice president preside over the review, because this would tend to create certain problems concerning personalities and good relations that might be undesirable.

What I think will happen in most cases is that neither the president nor the vice president will sit on the original hearing, but where there are really quite important hearings and it is felt that there is need for a larger bench to start with, then the vice president will probably sit. In that case the president would be available to preside over the review. So that if it is not clear that only those who have sat on the original hearing are excluded from sitting on the review and the bill does not mean this, then I will see it is redrafted to mean that, because that is what is intended.

This goes a long way, of course, to meeting the problem mentioned by the hon. member for Acadia. However, I would also point out that we were warned by certain eminent members of the bar, here, that we should have some laymen on this board. I think that particularly in the case of reviews it would be very desirable not to have too much expertise and perhaps have a little more common sense. But I do not think that this will create any very great difficulty.

I agree with the hon. member for Acadia that it is not necessary to prescribe specially designated committees. I happen to be the sponsor of this bill, and I happen to think that this is advisable. I know the hon. gentleman does not think it is advisable. Though we are agreed on a lot of things and we cannot agree on everything. I happen to think it preferable to do it in this way.

I would not think it was preferable, Mr. Chairman, if there were not power in the commission to alter the composition of these committees from time to time, because I think that is very desirable. For example, you will get someone who is stale on one of these committees and wants to move to another, and as far as I can see there is nothing in the legislation to stop that happening at any time. If there is, then we will make sure by looking at the language carefully that this is changed, because that is not what is intended. Just because the commission is large I do not want it to be unwieldy; I want it to be wieldy—whatever that means.

I am quite prepared to take another look at this matter of the quorum. I must say that I have already revealed today that in many respects I am old-fashioned. I like to think that people are going to act responsibly and that it is not necessary to make a lot of detailed rules to make sure that they will.

I cannot conceive of a situation arising where, on one of these reviews, only two

members would be sitting, and I say that for this reason. I think the hon. member for Okanagan Boundary was wrong in thinking that this commission would be bound by the rules of solidarity that so obviously bind cabinets. The commissioners do not have to agree or do not have to pretend to agree. Therefore I think that in a review it would be very inexpedient and silly to have an even number of members sitting; surely it is desirable to have an odd number so you can get a majority decision.

As I say, Mr. Chairman, I will look at this point about whether a special quorum should be prescribed, but I really do not think this is necessary. I do not think it would do any harm to make the quorum three in number, though I would not want to make it any larger because there might be circumstances where it could cause undue delays if it were larger than three. But for review purposes I do not see any objection to that; and if we have to make some other amendments in order to make the position technically exact I would be prepared to consider this too.

• (9:00 p.m.)

[*Translation*]

Mr. Mongrain: Mr. Chairman, dealing with section 17 of Bill No. C-231, I really feel that consideration of the membership of these committees could go on for days and days because there are probably many different opinions on the matter. I believe we can nevertheless say that the membership suggested in the bill is satisfactory and deserves a trial.

On the other hand, something else is of concern to me. In the previous speakers' remarks, I detected a tendency to avoid giving authority to the president and the vice president lest they abuse it. As far as I am concerned, I feel this bill seeks to put some order in a confused situation, namely, that of transport. We should give this commission and its leaders, the president and vice president who will be the kingpins of the commission, sufficient authority to enable them to operate efficiently. But if all powers are delegated in such a way as to neutralize their influence and give control to each and everyone, we will find ourselves in the position described in the old saying: Too many cooks spoil the broth. It is to be expected that those who will be appointed to those functions will have sufficient experience of men and things to be able to judge objectively.

Should it happen that in the course of ordinary or extraordinary affairs, applicants are not satisfied with the rulings even after having appealed and having been heard by the colleagues of the commission members, they can always go before the courts or even call on the government in council.

Mr. Chairman, I have three questions to put to the minister. In fact, what I have to ask is related to matters of much greater concern to me than the membership of this commission, which I find acceptable and satisfactory although it may not be perfect. But, who will find this a perfect formula? And, perhaps, the three questions I intend to ask should have been asked during consideration of clause 16, or perhaps I should wait till later on during consideration of clause 17, but, with your permission, I shall raise them now, because I feel they are important.

I am of the opinion, Mr. Chairman, that this commission will constantly face conflicts of jurisdiction between the provinces and the federal government. For my own satisfaction, and probably for the satisfaction of my colleagues, I should like to direct the following question to the minister; it is divided into three parts.

First, were the provinces consulted before this bill was drafted, in order to avoid, encroachment and conflicts of jurisdiction as much as possible? When this bill is passed and, in the normal course of events, in the exercise of its functions, when this transport commission comes into conflict with the provincial departments of transport, what provision has been made for regular consultations, so that these conflicts, these differences of opinion or this duplication of authority may not get too serious and take regrettable proportions? And if after these consultations, this dialogue between the Canadian Transport Commission and the provincial bodies, no agreement is reached, the matter can then be taken to the courts of law. But has the hon. minister considered a superior court of arbitration to solve conflicts of jurisdiction between the provinces and the commission?

Mr. Chairman, let us not delude ourselves; there will be conflicts. Indeed, the bill has yet to be passed and echoes of conflicting opinions reach us from certain provinces. Considering the sweet disposition of the hon. minister, I know he is not looking for difficulties, for conflicts; on the contrary, he wishes to lessen them.

I shall repeat my question, then. Has there been any consultation with the provinces before the bill was drafted? Have regular meetings been provided for, in the discharge of this commission's duties, in order precisely to remove and prevent difficulties? If agreement is impossible, has provision been made for a higher arbitration board which would settle the disputes between the federal government and the provinces?

I should like to have the minister's opinion on these three points.

[*English*]

Mr. Pickersgill: I think, first of all, there has been misunderstanding about one aspect of this bill, and that is that aspect relating to motor transport. I do not think anyone has questioned the over-all jurisdiction of this parliament over railways that have been incorporated by parliament. Certainly over steamships and all forms of navigation parliament's jurisdiction is supreme. A canoe, even, cannot be regulated by a provincial government. Parliament's jurisdiction over aviation has been clearly settled by the highest courts. The only area it seems to me in which any conflict can arise is in the question of the limits of jurisdiction of this parliament over motor transport. We thought until 1954, when the Privy Council made its decision—one of the last decisions applying to Canada—that the jurisdiction over road traffic was exclusively provincial. The courts decided—and this does not apply to those driving private motorcars of course—that when a commercial carrier operating a bus or a truck crosses the provincial boundary and serves more than one province, or when he leaves Canada to go to a foreign country, he is under the jurisdiction, and the exclusive jurisdiction, of this parliament.

At that time we had no machinery for carrying out that jurisdiction. The provinces had been accustomed to carrying it out. This parliament passed the Motor Vehicle Transport Act, as I think it was called, which enabled the government of Canada to confer upon provincial agencies—not upon the provinces, because we cannot do that, and the courts have decided that we cannot delegate anything to a province—certain authority. We made these provincial agencies into federal agencies for purposes over which parliament has jurisdiction. On the whole this has worked pretty well. A year or two ago decisions were made in the courts of Manitoba and of another province—at the moment I do not have that at my fingertips—which called into question the capacity of these agencies effectively to carry out this jurisdiction. These cases have not yet gone to the final court. I do not think any one of them has got to the Supreme Court. It may that the Supreme Court in its wisdom may take a different view from that of the courts below, and that the problem will not arise.

We felt when we were legislating for all forms of transport coming under the exclusive jurisdiction of this parliament, that we should have a provision so that we would not be caught a second time with no way of dealing with a problem. It could be chaotic if there were no legal way of dealing with it. We informed the provincial governments that we proposed introducing such a provision. We did not feel we should consult them about this because this is within the exclusive jurisdiction of parliament.

If I were the premier of Manitoba or Quebec—and I am not likely to be either—

Mr. Ricard: That is the wisest thing you have said.

Mr. Pickersgill: —but if I were, and if someone in the legislature said to me, "Did you first consult Ottawa before introducing this legislation that is exclusively within provincial legislation?" I would say, "Of course not. It is our business; it is not theirs". I feel the same way about legislation exclusively within the jurisdiction of parliament, as this is.

Though we are grateful to the provinces for allowing these agencies over the years to act as agencies of the federal government, for its purposes, we also expressed satisfaction, and said we did not want to disturb this arrangement if it did not need to be disturbed. We pointed out that all we are seeking to do in this bill is to have reserve power in case it became necessary to use it, so that there would be law and not anarchy in this field, in certain circumstances. This is all we are asking parliament to do.

We also intend to have a conference with the provinces. All of them I think have now shown their willingness to come to such a conference to discuss not only this matter but a number of other matters affecting motor transport, primarily of provincial concern, in which we seek to be helpful. This is on the administrative side. We want the maximum co-operation in that field, and I think most provincial governments want that also.

So far as our strictly legislative function is concerned, the courts have decided that that is exclusively federal. I think, therefore, that we

discharged every obligation properly ours in informing the provinces in advance of what we were doing, and that we were doing this, not because of dissatisfaction with the provinces but only as a precaution in case of need.

• (9:10 p.m.)

Mr. Hamilton: I have two questions I should like to ask the minister for the purpose of clarification. The first concerns clause 17 (5). If the minister has the bill in front of him he will see that it says:

> At any hearing of the commission for the purpose of making an order or giving any direction, leave, sanction or approval in respect of any matter under the jurisdiction of the commission, the commission may...permit the representative or agent of any provincial or municipal government or any association or other body representing the interests of shippers or consignees in Canada to appear and be heard—

On the other hand, when we go back to subclause (4) we find it reads as follows:

> Where an order, rule or direction made by a committee of the commission in respect of a matter related to a particular mode of transport, not being a matter of a specific rate, licence or certificate, is objected to by an operator...the commission shall, otherwise than by that committee of the commission, review the order, rule or direction—

It is obvious here on a layman's reading that when an operator objects to a ruling of the commission a review shall be made, but when a provincial government or a municipal government or any group of shippers feels aggrieved, all they are allowed to do is to make representations. Is there any reason why this latter group of people should not have the same rights of review, if a decision goes against them?

Mr. Pickersgill: All that is intended in this review in subsclause 4 is a review in cases where one kind of carrier considers he has been unfairly treated as compared with another kind of carrier. It is not intended that the full commission shall review the decision of a committee when the dispute is between, say, a shipper and a carrier. In such cases the ordinary rules will apply and the parties will have access to the courts, to the minister or to the governor in council as the case may be, depending upon the existing legislation, which is not disturbed.

Because we are bringing all the modes of transport under one commission and because these committees are being set up it was thought that the railway committee, for example, might make a decision which some carrier who had not even been present at the hearing believed was unfair to his interests. In such cases he would be able to ask for a full review by the commission. That is the purpose of this provision.

Mr. Hamilton: I am satisfied with that answer. I think it clarifies what was in the minds of those who drafted the bill.

My second question arises from clause 17(3) which states:

> Notwithstanding anything in the Railway Act or the National Energy Board Act governing matters before the commission, a committee of the commission may, in accordance with the rules and regulations of the commission, exercise all the powers and duties of the commission—

My question has to do with the National Energy Board Act about whose background and purpose I happen to know something. Can the minister give an example of a provision in that act which could be ignored by the commission in the exercise of this power under 17(3)?

Mr. Pickersgill: When we come to a later clause dealing with commodity pipe lines the hon. member will find there is special provision in respect of combined pipe lines carrying oil and or gas, and some other commodities. Those carrying only oil and or gas would remain exclusively within the jurisdiction of the National Energy Board. There is a special provision to avoid duplicate hearings. The intention is that, notwithstanding anything contained in the National Energy Board Act, combined hearings would be legal. I think that when we come to the particular clause I have mentioned the hon. gentleman will understand what is involved.

Mr. Nugent: I could not altogether understand what the minister was saying with regard to the commission reviewing decisions of committees. I believe he said that members of the committee which had made the decision would be present on the commission. If that is not correct, I should like the hon. gentleman to say so. If that was his meaning, can he explain why he thinks it would be desirable for members of the committee who had heard an application to be present as members of the commission reviewing the decision?

Mr. Pickersgill: I must have made my point badly, because it is the exact opposite which was meant. In the case of a review it is intended that the people who were at the original hearing should not take part; the review would be made by other members of the commission.

Mr. Nugent: Another point arises. Does not the minister consider that a member who is normally, say, a member of the transport

committee but who had not been a member of the committee hearing the application might sit on the commission as a member in order to give the specialized viewpoints of the committee to the commission? I would point out that the wording of this clause does not make it clear that this would be permitted. The wording contains the expression "otherwise than of that committee". Has the minister given consideration to the desirability of having a member of a particular committee, one who had not taken part in a hearing, making his services available as a member of the commission reviewing a case?

Mr. Pickersgill: That is exactly what should happen, in my opinion. I have now been given a little advice on the point raised by the hon. member for York South. I am told that in the opinion of the draftsmen, what is barred is a review by the same committee. But a member of a committee can be on the review board in his capacity as a commissioner, provided he is not prohibited by the procedures described in clause 19.

• (9:20 p.m.)

However, a member of a committee could be on the review in his capacity as a commissioner, if not prohibited by the procedures prescribed under clause 19. The commission would have the flexibility regarding a quorum under clause 19 which would enable them to set minima higher than the Railway Act, where needed, but which would not be tied down in law. It was intended to provide a review that would be representative of the modes of transport under the jurisdiction of the board.

The hon. member for York South shakes his head, and possibly the hon. member for Peace River did so also. I would not like to ask the committee to pass this clause tonight, but if we have covered all the points that hon. members wish to raise I would like the committee to stand the clause so that I can examine these points and see if further clarification of the language is necessary.

Mr. Pugh: It is a good idea that the minister review this clause. A review will take place where another mode of transport feels that it has not got a square deal, in licensing or some other matter, and it would seem that the point put forward by the hon. member for York South and the hon. member for Springfield is a good one, namely that all the members of the commission serve on the review board because the more brains on it the better would be the review.

In each case there would probably be two competing modes of transportation, if not more, and having all the brains of the commission acting on the review board would be the best approach. The larger the quorum the more in line would the review board be with our courts of appeal, and with our final court of appeal in Canada, which is served by quite a number of judges.

Mr. Bell (Saint John-Albert): What happens the order when it is under review? For example the commission will make a ruling or an order. When that order comes under review in accordance with the circumstances outlined in clause 17, is the order allowed to stand or is it frozen while under review?

Mr. Pickersgill: If the hon. gentleman does not mind I would like him to let that question stand with the clause, so that I may answer it after further advice.

Mr. Nugent: Under subclause (4) a review of an order, rule or direction may be asked for by certain specific people, whereas under subclause (5) those who may be heard at a hearing are a much broader class, including municipalities, provincial governments, etc.; but the provision for review does not give this latter group the right to ask for a review. I notice that under clause 18 an intervener can ask for an appeal, but I wish to ask the minister is there any specific purpose why this review procedure is available only to certain people who may ask for it?

Mr. Pickersgill: The purpose is not to review decisions between shippers and carriers. It is only to review decisions made with respect to one carrier that another carrier thinks are unfair. It is a very limited kind of thing. The important cases are not going to be disputes between carriers. They are going to be the disputes between shippers and carriers, and it is in that kind of dispute that municipalities and provincial governments, as is historically the case, would be most interested. In the case of that kind of dispute the ordinary rules of appeal that now exist will continue to prevail.

It was thought desirable that instead of having disputes between carriers brought in the first instance to the governor in council, and to the courts, it would be better for the commission itself to review them in order to save a certain amount of unnecessary difficulty.

Mr. Nugent: I can understand the purpose of the review procedure as explained by the minister, but I feel that this procedure could be put to better purpose if used more broadly. I have in mind certain problems that have arisen from time to time. I am thinking particularly of the Air Transport Board and its dealing with northern transportation areas. Its duty to provide good air transport service for Canada was sometimes lost sight of because of the vehicle that it chose as the best insurance that good transport service should be available, and in certain cases that board decided to restrict competition in order to make sure that there should be a good economic return for the operator chosen, from which he could provide good equipment and service.

On occasions when I was struggling with the Air Transport Board, trying to get an improvement in service, or especially an innovation in the service, I found that the board had taken the interests of the operator so much to heart, and was so intent on making sure that competition should be restricted, that sometimes it forgot that providing air service was really its number 1 purpose, and that restricting competition, thus making the existing service profitable for the operator, was only secondary to that first aim.

• (9:30 p.m.)

It seems to me that if the decisions are going to be made by a committee of the commission which operates in the same manner as committees of the Air Transport Board have operated, the committee will become air oriented and may put the public interest and imaginative air expansion in a position secondary to the well-being of the country. The government has missed an opportunity by not giving municipalities, provinces and interested groups of citizens in certain areas being served the opportunity of asking for a review by the commission, in the hope that the whole commission, not being air or railway orientated, would think in terms of providing a little more imaginative service to the country. In this way the commission could look at the situation from a point of view concerned less with the financial well-being or health of an air carrier operating in an area. The commission would therefore realize the needs of a community or a district to be served, and make things a little more tough in respect of the type of services that should be provided if a carrier is to continue to operate.

If my proposal was accepted I think the public interest would be put first and the well-being of the carrier would be considered second. This might give an impetus to the provision or innovation of better service. It is my submission that a committee which deals exclusively with a specific type of carrier, as committees of the Air Transport Board have done, would become over-solicitous about the welfare of a carrier, to the extent that it would be slow to allow any new ideas or any new competition which might provide the service needed to meet new demands. We must have imaginative services which will help open up new areas and create new business. This would not only permit competition but would help the country become financially healthy.

When the government is reconsidering the drafting of this clause, I hope it will seriously consider what happened in the past and make provision for a general review procedure under clause 5 on the application of those who are permitted to intervene. The public point of view could then be considered as a last step before an order became official, without the necessity of an appeal to the minister.

If that suggestion has been considered and rejected, I hope the minister will explain why it has been rejected. Perhaps it is cumbersome but I believe that bodies such as the Air Transport Board tend to look after their own affairs rather than take into consideration the changing needs of this country for a more viable transportation system.

Mr. Pickersgill: If we can agree to stand the clause I should like to give the suggestion some consideration before making a reply. Perhaps hon. members would agree to stand clause 17 and go on to a consideration of clause 18.

The Chairman: Does the committee agree to stand clause 17.

Some hon. Members: Agreed.

Clause 17 stands.

On clause 18—*Appeal.*

Mr. Hamilton: Mr. Chairman, my remarks in respect of this particular clause are directed to the minister. In reading subclauses 1 and 2 it is apparent that any applicant who is refused a licence by the board under the Aeronautics Act, a motor vehicle undertaking or a certificate of public convenience and necessity can appeal to the minister.

This clause states that after an appeal to the minister he shall thereupon certify his opinion to the commission, and the commission shall comply therewith. In this regard

I place emphasis on the word "shall". When one looks at sub-clause 2 he will see that if a licence or certificate of public convenience and necessity is revoked the matter can be appealed to the minister and the minister shall certify his opinion to the commission. The commission is compelled to obey explicitly the minister's direction.

For the sake of efficiency we are turning great sections of our economy, represented by the spectrum of transportation, over to a board. For the sake of efficiency in handling matters in respect of granting or revoking licences, we are removing the provisions which allow a review by the governor in council, and placing that in the hands of the minister.

Mr. Pickersgill: This is precisely what is now contained in the Aeronautics Act.

Mr. Hamilton: That fact does not destroy my argument. In fact, it supports the general argument I want to make in respect of the amendment which will be moved by the hon. member for Peace River to clause 20 of the bill. We must have some form of parliamentary control. There must be some machinery to provide control over the board and over the ministers.

It was my intention to give the minister a preview of the argument I intend to make when we consider clause 20. I have pointed out the word "shall". If that compulsion is contained in the Aeronautics Act, that supports my argument that parliament should not be put into a limbo in this regard.

Mr. Pickersgill: I am one of those old-fashioned individuals who believes in responsible government. A minister is responsible to parliament and is answerable to parliament for everything he does. The reason the appeal was made applicable to the minister rather than the governor in council, in these matters was that advisers to Her Majesty and the governor have many things to do, as the hon. gentleman knows, having been one of Her Majesty's advisers—although his advice is temporarily not being sought.

If one provides for too many appeals to the governor in council one of two things will happen; they will either be dealt with in a very cursory manner or will be delayed inordinately. In respect of matters of licences and things of that sort people want promptitude, even though the answer is sometimes no. The worst thing that can happen is to keep an application in suspense for an indefinite period.

Perhaps this will place a burden on the minister, but I think it would be a much greater burden if it were placed on the governor in council. As hon. members know, there is always an opportunity during the consideration of the minister's estimates and motions to go into supply, to call the minister to account and answer questions. Certainly if we set up a committee with a better and more expert staff to deal with these transport problems there would be more careful scrutiny of these matters. I am all for it, as the hon. gentleman knows. I do not mean to prejudge what will happen when we reach clause 20, but I am all for the principle of having a committee of this house with expert assistance to keep these matters under scrutiny.

• (9:40 p.m.)

Mr. Hamilton: Mr. Chairman, I do not wish to delay the committee too long, but in reading the explanation of this clause I notice that it says:

To provide for appeals to the minister in lieu of appeals to the governor in council—

So even if this can be done under the Aeronautics Act, that explanation led me astray. I say unequivocally that even if this is a change, I support what the minister just said. It takes so long to get a technical matter through cabinet, with 18 or 20 members, that it is not worth the time it takes in trying to improve the efficiency of a complicated operation such as the transportation business. I support the principle that we should have this type of efficiency, but at the same time I warn the minister in respect of the general principle contained in clause 20. I have been trying to persuade the minister to look favourably on our suggestions when we reach clause 20.

Mr. Pickersgill: Mr. Chairman, what the hon. gentleman is saying is that it is much easier to behead one man than 20.

Mr. Barnett: Mr. Chairman, I thought there was a difference of opinion between the hon. member for Qu'Appelle and the minister, but apparently there is not. As far as I see it, it is much easier to get the head of one minister on a platter than it is to get the heads of 20. However, I rose on another point which concerns me with respect to clause 18. I refer to the distinction drawn between the rights of an intervener under subclause 1 and subclause 2. As I read this clause, under subclause 1 an applicant or an intervener on an application to the commission for a licence may make an appeal to the minister for a final decision; but under subclause 2, which has to do with the

power of the commission to act in the matter of suspending, cancelling or amending licences, as I read the subclause there is no provision for an appeal by an intervener.

I appreciate that it may be unlikely that in the case of a licence being suspended or cancelled there will be a desire by an intervener to appeal; but when it comes to the matter of amending a licence—and I make this remark because of some observations that I had occasion earlier to bring to the attention of the Minister of Transport with respect to the operation of the Air Transport Board—in some cases this almost amounts to the granting of a new licence. There may be occasions in such cases when an intervener may be desirous of making an appeal to the minister on a decision of the commission. As I recall it, not too long ago the Aeronautics Act provided for an appeal to the minister by an applicant but not by an intervener.

Mr. Pickersgill: That was a change parliament already made in this session, I think.

Mr. Barnett: That matter was in my view rectified. I raise this question now because I have some concern that we may be faced in the future with a situation similar to that which has prevailed in the past, where an intervener who may have a perfectly legitimate reason for wanting to object to the action of the commission in respect to amending a licence may not, as I read this subclause, be able to do so.

I am wondering whether the minister has any particular reason to offer why this distinction is drawn between the power of appeal of an intervener in subclause 1 and the right of appeal to the minister in subclause 2. Could the minister enlighten the committee on this point?

Mr. Pickersgill: Mr. Chairman, it was a departure to permit an intervener to appeal in the case of an original applicant. In most cases where there is an application for some kind of service, it is by somebody who has never been giving the service. The interveners are nearly always people who are already in the business and who, generally speaking, are contending that the existing operators are giving all the service that is required and the result of having another person in the operation would be, instead of making it possible for somebody to make a living, to make two or three losers out of the situation rather than having someone able to conduct a viable operation.

There have been a number of cases where the board has granted licences and interveners have felt they were really being done out of their livelihood. For that reason I recommended to parliament, and parliament saw fit to accept the suggestion, that in those circumstances an intervener should be allowed to appeal. The other case, of course, could only happen with respect to somebody who was already in the operation. It was thought that the intervener would almost invariably be an operator already in the business and that in these circumstances the only person who would be seriously aggrieved would be likely to be the applicant. We took this view for that reason. The alternative might have been provided. However, within reason I think we want to provide for appeals, but no one in his senses wants to turn any minister of the crown into a court of appeal.

It is not at all desirable to set up independent agencies to deal with these matters and then encourage appeals from them to politicians. It seems to me that for the time being we should wait a little while and see how this provision operates. If a number of cases arise wherein there seems to be a need for this other kind of intervention, a change might be made. But in my experience and the experience of the deputy minister, who was one of those who advised me with regard to the suggestion that parliament accepted recently, it was only in the case of original applications that there seemed to be any real need for an appeal.

Mr. Barnett: I certainly agree with the minister that it is not desirable that it should be common practice to launch frequent appeals to the minister, and in effect this should be the court of last resort only to be used in extreme cases.

• (9:50 p.m.)

In recognition of the right of parliament to whom the minister, as he has been saying, is responsible, to review matters and ensure that in the long run at least, and in general practice, the action of a commission of this kind is in accordance with the public interest, consideration should be given to the suggestion made. I could cite an example of the kind of situation that I foresee. I know that in the coastal area where more than one air line has been allowed to operate, an application was made by an air line for an amendment to an existing licence which, as I recall it, was described as an area licence. This would in effect have given that particular air line—at least in the view of its competitors—a position of a virtual monopoly, which would put the competitors out of business. In this particular

case the Air Transport Board did not see fit to agree to the entire application for an amended licence but, in my view, if they had, then the interveners in the case would have very legitimate grounds for making an appeal. In the light of a possibility of that kind, I fail to understand the minister's logic in suggesting that in his view appeals would be more frequent if an intervener had in effect the same rights under subclause 2 as it is proposed that they should have under subclause 1. This seemed to be the only argument that he advanced as to why this distinction was made, namely that he did not want to see appeals become too frequent.

However, I fail to see that that argument really holds in respect of the distinction between the original and the amended application which, certainly in my experience, is the same as the application for a new licence. I wonder whether the minister could take another look at this particular aspect of the bill because it seems to me that we should seek to avoid the situation to which he referred earlier, which eventually resulted in an amendment to the Aeronautics Act. In my view at least, certain parties had a very legitimate reason to feel aggrieved over the fact that under the law they did not have the same right of appeal as another party.

In view of past experience with respect to the Aeronautics Act it does not seem a good thing that, in effect, we will be allowing inequity to be perpetuated under the bill which is now before us.

Mr. Pickersgill: I really do not think that the problem is sufficiently grave, and one has to draw the line in these matters somewhere. If such a situation does arise at some time in the future, then parliament of course will be able to remedy it.

Mr. Barnett: What the minister said is perfectly true, that parliament will be able to remedy it; but sometimes these grievances and injustices exist for quite a long time before parliament is able to persuade His Excellency's advisers to take the necessary initiative so as to make it possible for parliament to act on some of these matters. I cannot do any more than urge the minister to take this initiative at this time. He may well be correct in saying that the situation may not arise during his tenure of office and that it may not turn out to be his individual headache. However it seems to me that he is leaving the way open for some sort of headache to arise for his successor, or possibly for the future member for Comox-Alberni, who may have to wrestle with it. In view of the fact that he has agreed to reconsider the preceding clause, it seems to me that a very minor drafting amendment could cover this point.

Mr. Pickersgill: I think I have been quite flexible and reasonable. I feel that in this particular case I am not disposed at the present time to go beyond what is in the bill.

Mr. Baldwin: Mr. Chairman, I accept the views of the minister regarding the desirability of this appeal being made to the minister. As a matter of fact I think that the provisions in the Railway Act under which appeals are made to the governor in council are not worth the paper on which they are written. When you go back over the past 20 years, I wonder how many appeals were made under that section? I suppose that in some instances they did result in the establishment of royal commissions from which some reasonably good results flowed, but I think that while the minister has a certain judicial function he is also acting administratively and it is nice to know that the fact that he is in front of us makes it possible for us to take pot shots at him if we disagree with the way in which he is exercising his administrative functions.

With this in mind, may I ask the minister whether there is not a possibility that he has only gone far enough to make this an alternative remedy? Under the previous subclauses and subsequent clauses of the bill the transport commission is given the same powers as the Board of Transport Commissioners, which include the right of appeal to the governor in council. The wording in subclause 1 of clause 18 is "may appeal to the minister". Unless there is something of which I am not aware it seems to me that this means that an appellant might exercise the right—which he would have in view of the fact that there is an appeal from the Board of Transport Commissioners which is automatically given to the transport commission—to appeal to the governor in council in most matters, and this is just an additional means of appeal. The drafting may have covered this.

Mr. Pickersgill: I do not think there is any possibility of the duplication of appeals. The appeals to the minister are in respect of licensing, and there is no appeal to the governor in council left in these particular clauses. The appeals to the governor in council are under the Railway Act, and in so far as the railways are concerned they have to come to parliament because they do not require a licence

but an act of parliament. So this kind of situation does not arise with railways. The appeals are in respect of disputes between shippers and carriers and they are still made to the governor in council.

Mr. Baldwin: What I meant was that under the bill the transport commission is put in the same position as the Board of Transport Commissioners. There are appeals on questions of law to the Supreme Court and appeals on other questions to the governor in council. If clause 18 was not here there would be no question but that any appeal could be taken from the transport commission. However, in view of the fact that the people concerned who appeared before the transport commission are given the right to appeal to either body, this is an additional remedy and I wonder whether it is cumulative.

Mr. Pickersgill: I do not think so. I think the hon. gentleman will find that the appeals are under the Railway Act and that the only appeals to the governor in council are those provided for under the Railway Act. They are not being disturbed, but they would not apply to other aspects of the work of the transport commission.

Mr. Nugent: Mr. Chairman, I wanted to say something about this, especially in connection with clause 16 which has been allowed to stand, and my remarks are made on the alternative rather than the appeals. Perhaps we should call it ten o'clock.

Mr. Pickersgill: I wonder whether we have not exhausted the discussion on clause 18. If so perhaps we could pass it. If the hon. gentleman wishes to make a speech on clause 17 he will not be stopped from doing that by our passage of clause 18.

Mr. Nugent: The point I am making is that if we broaden clause 17 so as to make better use of the review procedure it could entail a curtailment of the appeal procedure, or some necessary change in it. Therefore I think that so long as clause 17 is undecided in its final form, clause 18 should stand with it. Since it is ten o'clock and I would like to make some remarks on the appeal procedure in clause 18, I think we should stop now. Perhaps tomorrow the minister would have some better ideas concerning clause 17.

• (10:00 p.m.)

Mr. Pickersgill: As a matter of fact, I was just going to make an appeal to the committee to continue a little longer this evening and try to get a little more done. There are still many clauses in this bill. As hon. members know, this is not the only piece of legislation we are going to have before us before this session can be concluded.

[Mr. Pickersgill.]

Mr. Horner (Acadia): I know the minister has found me very co-operative with regard to this legislation. I would be the first to say the minister, himself, has been very co-operative in accepting suggestions for changes in the bill. However, I believe we have made real progress today. Perhaps we should agree with the remarks made by the hon. member for Edmonton-Strathcona with regard to broadening the review provisions, so that less use would have to be made of the appeal procedure.

In the light of these remarks, and in the light of the fact that clause 17 is being allowed to stand, perhaps it is a good suggestion to at least hear more argument with regard to clause 18. If the minister is not agreeable to allowing clause 18 to stand with clause 17, then I think we should call it ten o'clock in the hope that we can make equally good progress tomorrow.

Mr. Pickersgill: We cannot make any progress tomorrow because the house is going to take other business. I would be quite prepared to stand clause 18 if we could deal with clause 19 and reach clause 20 by ten o'clock. I am not suggesting we should pass clause 20.

If I might add one word, I may say that I know one hon. member wishes to move an amendment to clause 20. I think it would be desirable to have that amendment before the committee for consideration over the two-day period. If there were any disposition to deal with clause 19 and call clause 20, I would not ask to have clause 20 passed. We could just have it called so this amendment could be before the committee. It would be quite a convenience to me and, I believe, to the committee.

Mr. Horner (Acadia): Ten o'clock has been called.

Mr. Bell (Saint John-Albert): I think what the minister has proposed meets with some approval here. We would like to see this amendment to clause 20 so that we can consider it tomorrow. This proposal looks all right so far as I am concerned.

Mr. Pickersgill: Could we agree to stand clause 18, pass clause 19 and call clause 20?

The Chairman: Is it agreed to stand clause 18?

Some hon. Members: Agreed.

Clause 18 stands.

The Chairman: Clause 19?

Mr. Horner (Acadia): Ten o'clock has been called. I can see the clock and it appears to be six or seven minutes after ten. I think, in order to proceed, you have to have unanimous consent. Other members have called ten o'clock.

Progress reported.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, tomorrow we will be submitting to the house for its consideration item No. 121, the resolution preceding the bill to establish the Canada Deposit Insurance Corporation. We will then submit, if time permits, item 117, the bill to amend the Judges Act, and depending on the time available item 86, the bill respecting the pension plans for the benefit of persons employed in connection with certain federal works. Then we will deal with the resolution preceding the bill to amend the Small Businesses Loans Act. We would also like to consider item 104, the reference to a committee, which I believe will not likely require any debate, as well as the motion on today's notice paper under government notices of motion to refer to a special joint committee of the Senate and the House of Commons the authority to inquire into the matter of pensions paid to retired civil servants or their dependants.

Mr. Knowles: Perhaps we could pass that right now.

Mr. McIlraith: I would be very glad to. We would also wish to take the motion referring the subject matter of the national anthem to the special standing committee; and if there is further time the motion creating the committee to deal with the temporary rules.

It will be noticed, Mr. Speaker, that I have indicated quite a list of items, but I did so bearing in mind that certain of the motions are rather simple and might be called out of the order I indicated, depending on the time available.

In view of the interjection just made I am quite happy to—

Mr. Churchill: Oh no.

RESEARCH

PROVISION FOR GRANTS TO CORPORATIONS FOR RESEARCH AND DEVELOPMENT

On the order: Government orders.

December 20—House in committee of the whole on Bill C-252, an act to provide general incentives to industry for the expansion of scientific research and development in Canada and to effect certain related amendments to the Income Tax Act.—The Minister of Industry.

Hon. G. J. McIlraith (Minister of Public Works): I should indicate one other item of business which I believe does have the concurrence of the house, and that is the motion to withdraw from the committee of the whole house the bill providing for general incentives to industry for the expansion of scientific research and referring it to the standing committee on industry, research and energy development. That request was made some days ago when the measure was last before the house, both by members of the official opposition and members of the N.D.P. group, and I should like to make that reference at some time. In view of the way the request was made to do that tonight, it might be agreeable, in order to get the committee organized to deal with the matter, to move the motion now.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

Mr. McIlraith: Then if I have unanimous consent I move, seconded by the Minister of Transport (Mr. Pickersgill):

That Order No. 100 being the house in committee of the whole on Bill C-252, an act to provide general incentives to industry for the expansion of scientific research and development in Canada and to effect certain related amendments to the Income Tax Act, be discharged and that the said bill be referred to the standing committee on industry, research and energy development.

Motion agreed to.

AIR TRANSPORT

AIR TRAFFIC CONTROL—MEASURE TO ENSURE CONTINUATION OF SERVICES

On the order: Government Orders.

December 16—House in committee of the whole on the following proposed resolution:—

That it is expedient to introduce a measure to provide for the continuation of air traffic control services; to provide also for an increase in the remuneration of air traffic controllers.—The President of the Treasury Board.

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, fortunately this item,

No. 118 on today's order paper, concerns legislation that is no longer required. Therefore I would ask the permission of the house to drop it from the order paper.

Mr. Speaker: Is that agreed?

Some hon. Members: Agreed.

Order discharged and motion withdrawn.

• (10:10 p.m.)

Mr. Knowles: Could we not do another one, Mr. Speaker?

Mr. McIlraith: That would be agreeable.

Mr. Speaker: Is that agreeable?

Some hon. Members: Agreed.

PUBLIC SERVICE

JOINT COMMITTEE TO CONSIDER PENSIONS TO RETIRED CIVIL SERVANTS

Hon. G. J. McIlraith (for the Minister of National Revenue and President of the Treasury Board) moved:

That the Special Joint Committee of the Senate and House of Commons on the Public Service of Canada be empowered to inquire into and report upon the matter of the pensions paid to retired civil servants or their dependants under the provisions of the Public Service Superannuation Act: and

That a message be sent to the Senate informing Their Honours of this resolution and requesting that house, if it concurs, to authorize the committee to inquire into and report upon this matter.

Mr. Speaker: Is it the pleasure of the house to adopt the said motion?

Mr. Knowles: Carried.

Motion agreed to.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

HISTORIC SITES—REQUEST FOR RESTORATION OF MANOIR SIR ÉTIENNE TACHÉ

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, the Leader of the Opposition (Mr. Diefenbaker) has a very definite pet subject and has of late become the sponsor of Sir John A. Macdonald.

[Mr. McIlraith.]

For my part, I should like to be the sponsor of a man quite as valorous, who served his country with quite as much enthusiasm, ability and intelligence, who was, at a certain time in our history, the partner of Sir John Macdonald and under whom the latter himself served, and I mean Sir Étienne Pascal Taché, a fine man.

I must admit, Mr. Speaker, that if I take up the cudgels for Sir Étienne Pascal Taché, I do it most objectively, because I must recognize that between him, who happens to be my ancestor and me, the descendant, there is very little in common.

First, Sir Étienne Pascal Taché was a Conservative which is clearly not in line with the views I hold. Then, he was a Royalist, to which I bear no resemblance. Finally, it has been said of him that he was a conciliator. My impression is that his descendant is more a provocateur.

Some hon. Members: Ah, ah.

Mr. Choquette: That is why, Mr. Speaker, having nothing in common with him whose cause I wish to plead tonight, I feel quite free to speak on his behalf and I ask the support of the government to pay a very special homage, in this centennial year, to the memory of this former prime minister of Canada, of this Father of Confederation who, in October 1864, presided over one of the first Quebec conferences which led, as we all know, to the pact of confederation the value of which it is the intention to underline in 1967.

Sir Étienne Pascal Taché was member for l'Islet in the House of Commons. He was later appointed to the legislative council. Queen Victoria knighted him—a title which I do not believe, Mr. Speaker, I will ever be given by Queen Elizabeth.

Sir Étienne Pascal Taché was also a great servant of the state and practiced his profession with great magnanimity, for he was a highly respected physician in his locality. He was a Canadian in the true sense. He took part in the war of 1812. He was obviously anti-annexionist. He wanted Canada to be truly Canadian. I am convinced that if he were living to-day, he would certainly be one of those great Canadians who endeavour to fight those who want to tear the country apart.

That is why we are proud to pay tribute to those who want to keep Canada in its integrity and we of the government are ardent

supporters of that theory. That is why I should like the government to make a special effort to pay tribute to the memory of Sir Étienne Pascal Taché by granting the request of the Montmagny Junior Chamber of Commerce and restoring the Taché manor. If it is impossible to reach an agreement with the interested parties, let a monument be erected to his memory, or in any event, let the government do something to honour him.

Mr. Speaker, before bringing my remarks to a close, I should like to say that to celebrate the Centennial, the federal government should not hesitate to take initiatives on its own if, in certain cases, it cannot obtain the co-operation of other authorities. It was disgraceful to note absences, in 1967, which absences must be deplored. Provided the government ceases to rely on other authorities and assumes its responsibilities in the Centennial festivities, we will celebrate it in unison without banking on others to do it.

I feel this is a wonderful opportunity for the government to take the lead, without asking the co-operation of others who might be reticent about granting it, to pay tribute to the memory of Sir Étienne Pascal Taché.

Hon. John N. Turner (Member of the Administration): Mr. Speaker, tonight I have the honour to represent the Minister of Indian Affairs and Northern Development (Mr. Laing). I listened with great interest to the historical account concerning Sir Étienne Pascal Taché, a patriot who took part in the war of 1812 and a physician by profession. He was the member for l'Islet in 1841 and minister of public works in 1848, under the Lafontaine-Baldwin government; prime minister, in 1856, in the so-called Taché-Macdonald administration; after that, he became legislative councillor and once again prime minister in 1864, under the Taché-Macdonald administration.

• (10:20 p.m.)

He presided over the Quebec conference in 1864, but this is not the only thing I am interested in, Mr. Speaker. I am also interested in the genealogy of this famous man.

Sir Étienne-Pascal Taché had several children, among which a daughter, Marie-Sophie-Malthilde Taché, who married François-Jacques-Albert Bender, a Montmagny lawyer, on September 10, 1844.

Several children were born of the Bender-Taché marriage, among which we note Marie-Éléonore-Eulalie-Henriette Bender, who became the wife of Mr. Phillippe-Auguste Choquette, lawyer, on August 29, 1883. Mr. Choquette sat in the House of Commons as a member for Montmagny in 1887, 1891 and 1896; a friend of Sir Wilfrid Laurier, he was appointed senator and then made a judge.

And of the Choquette-Bender marriage, Mr. Speaker, were issued several children, including Hon. Fernand Choquette, now a judge of the Quebec court of appeal and father of the august Choquette, the member for Lotbinière.

Now, not only because of the renown of his ancestor Étienne Pascal Taché, but also because of the drive, the energy, the intellectual powers of his descendant, the present member for Lotbinière (Mr. Choquette), I shall personally recommend to the minister that this request be accepted.

[*English*]

SIR JOHN A. MACDONALD—INQUIRY AS TO PLANS FOR HONOURING BIRTHDAY

Mr. Heath Macquarrie (Queens): Mr. Speaker, it is a happy coincidence that I should be discussing one of the Fathers of Confederation after such an eloquent appeal by the lineal descendant of another Father of Confederation. I am not, of course, a lineal descendant of Sir Etienne Taché but I am a political and spiritual descendant of that great man, great Conservative and great Canadian, and I would like to say a word about his friend, Sir John A. Macdonald.

I was very pleased over the recess to read press releases to the effect that the Prime Minister (Mr. Pearson) was considering taking steps that would bring about a national holiday in recognition of the birthday of our first prime minister. But I was sorry to discover when I came back to Ottawa that my expectations, and the expectations of a great number of Canadian people, were not being borne out in the actuality.

I am disappointed that the Prime Minister did not take the opportunity of giving a lead in this matter. It would have been very fitting indeed had the leader of a Liberal party taken the step which would have brought about in Canada a Sir John A. Macdonald day. I think the information contained in the press release is an inadequate recognition of a man so great as was Sir John A. I think we have reached a stage where we should have a full-fledged national holiday to honour this great Father of Confederation. It should be a full holiday and should not be for this year only, but imbedded permanently, so that we can set aside one day from the work-a-day routine

and foster, if we can, greater pride in the achievements of so great a man.

I believe that it should have been done long ago, but Canadians are very remiss in honouring the men who have made our country great. In this field we have failed to follow the advice of one of our greatest, Joseph Howe, who said:

> A wise nation preserves its records, gathers up its muniments, decorates the tombs of its illustrious dead, repairs its great public structures and fosters national pride and love of country by perpetual reference to the sacrifices and glories of the past.

This is not a small and trifling matter. A nation, to be great, must emphasize those values which transcend the material and the mundane; and our centennial celebrations, Mr. Speaker, no matter how colourful or how jubilant, will be a wasted effort if they do not stimulate a deeper appreciation in all of us and a wider knowledge of the greatness of our past and of the men whose labour and wisdom have made us great.

We need not be reluctant to honour Sir John A. Macdonald. His work and worth entitle him to a high place among the nation builders of history. At the time of his death another great man, Sir Wilfrid Laurier, said of him:

> I think it can be asserted that for the supreme art of governing men, Sir John Macdonald was gifted as few men in any land or in any age were gifted; gifted with the most high of all qualities, qualities which would have made him famous wherever exercised and which would have shone all the more conspicuously the larger the theatre.

Magnificent words from a great man about a great man.

I am not satisfied, and I hope we in this parliament will not be satisfied with the small step that has been taken, although we must be gracious enough to recognize that at least a step has been taken. We find far too little recognition of the worth of the man who may be properly called, with all due respect to the great man referred to a moment ago, our greatest founding father.

Let us not be satisfied to leave it to the provinces and to the school children. May I here congratulate the education ministers in Nova Scotia, Ontario and Prince Edward Island who have given a holiday in this connection. Tomorrow the children in those provinces will get a half holiday or whole holiday, but will also get a little direction and some appreciation of the men who have made this country what it is. I think we can say that without the wisdom, the patience, the tolerance and the common sense of men like Sir John A. Macdonald, Étienne Taché and others, there might have been no Canadian nation.

Let those of us in this parliament of this nation, to which he gave so much, honour the name of Macdonald, acclaim his fame and contribute to the healthy and vigorous spirit of Canadianism which, heaven knows, we must all nurture and nourish as we prepare for our second century.

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): Mr. Speaker, anything I might say tonight after the oratory which has gone before must be by way of anticlimax. Suffice it to say that we have been raising noble ghosts tonight. Tomorrow we will celebrate that day in the manner indicated with some enthusiasm.

As to the question of adding to the list of national holidays, this has been studied, and the government intends to keep this matter under careful review. Meanwhile, with reference to this centennial year, the government has passed an order in council which establishes January 11, 1967, the anniversary of the birth of Canada's first prime minister, Sir John A. Macdonald, as a day of commemoration.

Many other steps have been and will be taken to honour Sir John. Festivities are to take place in Kingston on January 11, and I cannot think of any more appropriate place. On that occasion the Prime Minister will be present with other dignitaries. Bellevue House in Kingston, where Sir John lived, for a short period of time, is currently being restored as a national historic site. I am happy that I was among the first to be interested in this project and to recommend it to the government.

Another matter which I feel deserves national attention is the official resting place of Sir John A. at Cataraqui cemetery. It is a delicate matter as to how we should improve a cemetery memorial, but I think in due course this should be given careful and reverent consideration.

Bellevue House is being restored by this government as a national historic site at considerable expense. Two rooms are being furnished as they were during Sir John's residence, with other mementoes being added. The centennial commission has commissioned a special commemorative play relating to the centennial. This play will have its première in Ottawa on January 11. It is hoped that the play will be performed by amateur theatrical

groups across the country. In addition, various other projects for the centennial, such as the confederation train and the caravans, will include appropriate tributes to our first prime minister.

As my hon. friend knows, the establishment of a national holiday is a much more complicated matter than may appear on the surface. This is not something that can be effected by order in council. It does in fact require a statute. When one realizes that education comes under the provisions of section 93 of the B.N.A. Act, and property and civil rights come under section 92 subsection 13, it is clear that in order to do what my friend now suggests would call for concurrent legislation by the federal as well as all the provincial governments. There are many important matters which must be taken into account in the establishment of a national holiday. It is not something that can be done lightly or easily.

The contribution of Sir John A. to our history is well known and it is not disputed by anyone in this house. Indeed, I think we all feel in a sense that we are his heirs and aspire to be worthy of what he and the other fathers of confederation have commenced.

• (10:30 p.m.)

ROYAL CANADIAN MOUNTED POLICE—EDMONTON, ALTA.—COMPASSIONATE PAYMENT TO WIDOW ON DEATH OF CONSTABLE

Mr. Ralph Cowan (York-Humber): Mr. Speaker, on Friday, December 16, I rose and asked a question of the hon. Solicitor General as follows:

> Mr. Speaker, I have a question I should like to address to the Solicitor General in connection with the death of the 23 year old R.C.M.P. constable in Edmonton who was shot, and who had been married less than 90 days. Is the cabinet going to make any compassionate payment to his young widow in view of the very short service of this officer, the fact that he had only been married about 90 days, and because he died as a result of a criminal act?

The Solicitor General replied:

> Mr. Speaker, we shall follow the policy laid down within the department in a matter of this kind.

I appreciate the opportunity of speaking for a few moments on this matter because it is one close to my heart. I have the greatest sympathy for the young widow, but primarily I am interested in this case because it is a perfect example of why the state should make payments to the innocent victims of criminal acts. This is a case where a young widow is left as a result of the death of an R.C.M.P. officer who we might say gave his life in the performance of his duties.

On June 8 in this house we discussed at some length a resolution which I had put on the order paper on January 20, 1966, almost a year ago now. No action, of course, has been taken; there was just some discussion on one day, June 8. The resolution was:

> That, in the opinion of this house, the government should consider the expediency of introducing legislation for the creation of a criminal injuries compensation board to hear the pleas of persons who have suffered permanent injury or disability as the victims of crime and award compensation to such persons or their dependants as would seem fair in the circumstances, and wherever possible to do so, to impose payment of compensation by criminals to those they have injured.

In the course of the discussion of that resolution on June 8 I referred specifically to the case of the two widows with children of the two policemen who were shot down in cold blood by the Santa Claus murderer, Marcotte, in Montreal. I pointed out that they, being the widows of policemen, were eligible for some compensation from the policemen's benefit fund of the district in which their husbands performed their duties. I even made some reference to an event of 20 years ago in west Toronto where a Toronto policeman by the name of McQuillan was shot dead and his family, of course, benefited from the policemen's compensation fund of the city of Toronto. On June 8 I asked the question, what about those people who are not policemen and are killed? What about their families?

In the case of the young widow in Edmonton, I understand she will be eligible for some kind of a pension setup, might I say rather automatically, in the pension department of the R.C.M.P. But I would ask the cabinet, when they are establishing a pension or payment of some kind for this fine young woman, to bear in mind that there are many other families throughout Canada whose breadwinners were not policemen and to whom no compensation is now payable by the state. If we make a payment to this widow because her husband was a policeman, why cannot we make payment to other families injured or wronged because their breadwinners, or other members of their families were killed or injured as a result of criminal violence?

Compensation for the victims of criminal violence has been introduced in New Zealand; it became effective January 1, 1964. In March, 1964, Great Britain enacted compensatory legislation for the victims of crimes of violence. In July, 1965, California added a new section to its welfare and institution code to compensate the innocent victims of violent

crimes. In July last the state of New York brought in a compensation fund for the innocent victims of violent crimes. In the case of New Zealand, payment is made in stated amounts over a period of time to those people who are being compensated by the state. In Great Britain they are paid one lump sum. In New York state it was ordered that they be paid one lump sum not exceeding $15,000, as it was felt that some people might commit crimes in order to benefit their family if the payments are going to be spread over a long number of years.

Here in Canada if a man is killed by a motor vehicle and the car owner does not have insurance or any estate the victim's family gets paid from the unsatisfied judgment fund. If he is killed by a motorcar the victim's family can collect money, but if he is killed by murder they get nothing unless he happens to be a policeman, in which case the R.C.M.P. or local police funds will compensate his family or his widow.

I sincerely hope that the cabinet will bear in mind the fact that this policeman gave his life for his country. The cabinet established a pension of $6,624 for chief superintendent René John Bélec who was compulsorily retired by the cabinet some time ago, and a pension of $1,562.80 per year for sub-inspector Joseph Hosanna Maurice Poitras of Montreal who was compulsorily retired. I would ask the cabinet to bear those figures in mind when they are establishing the pension for this young widow in Edmonton.

I hope it will be in the nature of $6,000 which we are now paying to former chief superintendent Bélec because such a pension would establish a precedent for the families of all the innocent victims of criminal acts in this country. We must in short order have legislation of that type on the nation's books.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I hope the hon. member will acquit me of disrespect but I must point out that the matter of compensation to victims of crime does not come within the ministerial responsibility of the Solicitor General. However, I will be pleased to bring this question to the attention of my colleague, the Minister of Justice (Mr. Cardin).

So far as the widow of the member of the R.C.M.P. who was killed in Edmonton is concerned, I should like to advise the house that a claim is being made on her behalf to the Canadian Pension Commission under section 27(1) of the R.C.M.P. Superannuation Act. Under that act a pension is payable to the widow of a member whose death arose out of or was connected directly with his service in the force.

Before a pension becomes payable it must be ruled by the Canadian Pension Commission that death arose out of or was directly connected with the services of the R.C.M.P. constable while in the force. The matter is now before the Canadian Pension Commission and we expect a favourable ruling very shortly. The amount of the pension that will be paid will be determined by a schedule which is attached to the Pension Act, and I am not in a position to give that figure at this moment.

Motion agreed to and the house adjourned at 10.40 p.m.

HOUSE OF COMMONS

Wednesday, January 11, 1967

The house met at 2.30 p.m.

SIR JOHN A. MACDONALD

BIRTHDAY ANNIVERSARY OF FIRST CANADIAN PRIME MINISTER

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, today we celebrate the birthday of one of our greatest statesmen, Sir John A. Macdonald, the first Prime Minister of Canada.

That Canada exists today is probably the result of the effort and determination of Sir John A. Macdonald more than any other man. It is therefore fitting that in this year, the one hundredth anniversary of confederation, we should pay a very special tribute to this man and what he accomplished. It is equally fitting that such a tribute should be made on this day, the anniversary of his birth; and in this house, where the destiny of the country he helped create was debated.

• (2:40 p.m.)

Like so many great Canadians, Macdonald was not born in this country. He came to Canada as a boy when his father and mother emigrated from Scotland. It was in a rough, new country that he grew up and gained an education, and it was in the building of a new country that he won the fame that goes with great and lasting achievement.

We remember Macdonald chiefly as the principal architect of our confederation. Credit for bringing about confederation is shared by many men and is not Macdonald's alone, but it was he who provided the most determined leadership and who went on, after the political framework of federation was accomplished, to endow Canada with the economic sinews of nationhood through building the transcontinental railway, the opening of the west and the encouragement of industry. Under Macdonald the federation established in 1867 was extended from the Atlantic to the Pacific to embrace most of what is Canada today.

[*Translation*]

Mr. Speaker, 76 years ago, the house was informed of the passing of Sir John A. Macdonald. Another prominent Canadian, Sir Wilfrid Laurier, Leader of the Opposition at the time, rose to pay tribute to his friend and political opponent. The words he uttered on that occasion will live on. Here is what the then Leader of the Opposition said:

> It is not an exaggeration to say that from the day he entered Parliament, the life of Sir John A. Macdonald became the history of Canada. He was associated with every event, every fact, every development which brought Canada from the position it then held—that of two small provinces with nothing in common save their allegiance, united only on paper—to the present state of progress it has achieved.

After mentioning the issues on which he failed to agree with Macdonald, Laurier went on:

> I am happy to erase such differences and to remember only the great services he rendered to our country—to recall that his actions always showed impartial views, a great fund of resources, the highest level of intellectual concepts and, above all, a prophetic vision far above the events of the day and over all that, a patriotic devotion to the prosperity of Canada, to the progress of Canada, to the glory of Canada.

[*English*]

Macdonald invariably recognized that the touchstone of government policy in Canada had to be understanding and co-operation between the two founding peoples. His close working association with Sir Georges-Étienne Cartier was an illustration of his devotion to this principle.

We contemporary Canadians are not given to the worship of heroes, and we have not endowed Macdonald with those superhuman attributes whic hare the property of heroes. Macdonald's achievements are perhaps enhanced by the fact that we know him as a warmly human personality who made mistakes and knew adversity, yet lived a rich and full life and realized the satisfaction that comes with the fulfilment of a great ambition.

What is the relevance of Macdonald's character and achievements for Canadians today? Many of the problems with which he dealt are still with us—how to ensure unity while preserving the diversity which enriches Canadian life; how to achieve genuine and worth while national development. But we are faced, as we well know, with many new problems undreamed of in his time, problems brought about by rapid technological change, by the emergence of revolutionary new forces in the world around us and by the urgent

need to find ways of preserving world peace, with which Canada's destiny is inextricably bound.

As we face these problems, Mr. Speaker, we would do well to remember that Macdonald and the men associated with him built Canada not by force of conquest but by the exercise of political skill, a talent for finding common ground among opposing points of view and a willingness to share these points of view and to be flexible in the search for solutions to seemingly insoluble problems.

This as much as the physical reality of Canada is a vital part of Macdonald's legacy to Canadians of our generation. During his lifetime Macdonald's stature grew as Canada grew. Today it is growing still. The example of Macdonald and his fellow Fathers of Confederation is a real and living part of our tradition. As we pay tribute to him today let us recall with gratitude his great contribution to the building of Canada. Let us honour him as a statesman of outstanding ability, and let us draw inspiration from his life and his achievements in facing the challenges of Canada's second century.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, my first words must be to congratulate the hon. gentleman for the eloquent manner in which he has paid a tribute to the architect of Canadian confederation. He has dealt with the various features of the life of Macdonald, his service to his country, his powers of parliamentary acumen, his attitude toward the peoples of both the English and the French races and the other races of men who were here.

Macdonald lived in the era of great uniters of nations; the era of Lincoln, Cavour, Bismarck. These three in their respective countries brought about unity by bloodshed or force. He was able, with the assistance of Cartier, Brown, Tupper, with the eloquence of D'Arcy McGee and all the galaxy of other greats of that era, to bring about Canadian confederation, not through the means of the three leaders I have mentioned but by consultation, co-operation, compassion and common sense.

• (2:50 p.m.)

The Secretary of State for External Affairs has mentioned that Macdonald came from the Scottish highlands. In 1812, at the time of the Scottish clearances, the Duchess of Sutherland cleared out the county of Sutherlandshire. Macdonald's mother and father lived 15 miles from where my maternal great grandmother and father lived, and both families were driven out at the time of the clearances. Macdonald's father and mother migrated to Glasgow. Mine took the longer route to the Red river, by way of Churchill. It is a magnificent history that Canada has. Too often we have failed as Canadians to express our prideful joy in being Canadians. I had hoped that we would set aside the natal day of Sir John, the founder of this country, as a national holiday. Washington was the father of his country. Lincoln preserved the United States, torn apart by civil war. Their birthdays are remembered. Too often we forget the dramatic greatness of Canada. A question was asked in a certain university, "Why should I be interested in history? What about the past?" The professor answered, saying "Have you ever noticed what happens to a person who loses his memory?" Macdonald, the great parliamentarian though never one of the great orators, possessed an unusual sense of humour. I can imagine him being here today, were he able to be with us, looking at this government without a majority. At one time, in his day, he faced a government with a majority of two. "Why," he said, "it is not even a drinking majority."

Some hon. Members: Oh, oh.

Mr. Diefenbaker: The Secretary of State for External Affairs has mentioned Macdonald's achievements of confederation and of the Canadian Pacific Railway. I add to them, his principle for Canada, that it must be an independent nation on the north half of the North American continent willing to co-operate in freedom but insisting on the right that policies for Canada be made by Canadians. That was his contribution.

I think of him as the founder of the Northwest Mounted Police. I think of him as the man who dreamed of the commonwealth and expressed the idea that the time would come when Australia, Canada, and other nations beyond the seas would join with the mother country on behalf of freedom. Incidentally he referred to Queen Victoria, not as queen of the empire—when he received the honour, the first that any colonial statesman had ever received, of being made a member of Her Majesty's Imperial Privy Council—but as Queen of Canada.

His was an amazing life. The hon. gentleman has referred to Laurier's words, eloquent, dramatic, powerful. Yet a few short days before Macdonald and Laurier had been in stern, unremitting—partisan, if you will —conflict in the house, but Laurier's speech

in the House of Commons on June 8 will live for all time.

When I was 15 years of age I decided to make a public speech on Sir John Macdonald. I rose to heights of eloquence which I thought were worthy of the highest commendation. I memorized my speech. Unfortunately I forgot the last few lines. I was not successful in that oratory contest. The culminating feature of his life was the honour of membership in the Privy Council, knighthood and, after his death, the placing of his bust in St. Paul's Cathedral not far removed from where rest the last remains of Nelson and the victor of Waterloo.

To quote words which are as true today as when they were uttered, or written, on June 20, 1891: Punch's tribute to "Old Tomorrow" as he was known. Sir John never did today what he believed could be achieved tomorrow with co-operation following consultation. Indeed when he was asked what his title would be if he ever received a peerage he said "I suppose I shall be known under the title of 'Lord Tomorrow' ".

Here in part is what Punch said:

Hail to "the Chieftain!" He lies mute today,
But Fame still speaks for him, and shall for aye,
"Tomorrow—and tomorrow!" Shakespeare sighs,
So runs the round of time! Man lives and dies.
But death comes not with mere surcease of breath
To such as him. "The road to dusty death"
Not "all his yesterdays" have lighted. Nay!
Canada's "Old Tomorrow" lives today
In unforgetting hearts, and nothing fears
The long tomorrow of the coming years.

These words I used, Mr. Speaker, in that oratory contest many years ago.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the members of this party are most happy to associate themselves with the two previous speakers in paying tribute to the work and memory of Sir John A. Macdonald who was born in Glasgow, Scotland, 152 years ago today.

It is sometimes forgotten that Macdonald was a Scottish immigrant who made good, and who made Canada in the process. For while it is undoubtedly true that men like Cartier, Brown, Tupper, Tilley and McGee made outstanding contributions to the realization of confederation, it was Macdonald's genius which produced the framework.

• (3:00 p.m.)

Even more important were his patience and perseverance which built upon that framework what is now Canada. I think when the history of that period is fully appreciated we shall recognize not only that Macdonald was a great architect in framing the British North America Act, but that his capacity for administration and negotiation made it possible, after 1867, to purchase northwestern Canada from the Hudson's Bay Company, to form the province of Manitoba in 1870, to bring in British Columbia in 1871 and Prince Edward Island in 1873, and finally to bind these various regions together with bands of steel.

For some strange reason we Canadians have never really paid our full due to the memory of Macdonald. He was the father of our country in the same sense that George Washington was the father of the United States of America, but we have never made as much fuss over Macdonald as the Americans made over Washington. I hope we will even now rectify that neglect.

But in some ways it is not monuments, the naming of large cities or highways that really matter. The lasting monument to Sir John A. Macdonald is Canada, what it is and what it has become. It is reported that during the latter part of his life at one of his great rallies an admirer called out "John A., you will never die"; and in a sense, Mr. Speaker, I submit that this is true. That so long as this country continues to grow and to expand, to promote justice for all men under responsible parliamentary government, the spirit of Sir John A. Macdonald will live on.

Yet it seems to me that if he were here in this house today he would ask us to think not merely of the past but of the future. He would remind us that the only value in looking into the past is to grapple with the problems of the present and to enable us better to plan for the future.

Two great problems that obsessed Macdonald's entire public career are still with us. One is how to prevent disintegration from within, the other is how to prevent absorption and assimilation from without. While these two problems have changed in degree and in manner they are the same in substance. One of the great problems that face this country and this Parliament is the problem of how we can live together, two founding races with different languages, different cultures, different outlooks. The essence of this problem is how we can have diversity yet unity, how we can live together, two founding races with mutual understanding and good will.

Macdonald understood, probably better than any other English speaking statesman of his day, the sense of injustice which the French Canadian people felt. He understood better than most of his race that French Canadians wanted not concessions but rights,

and to be treated as equals in an equal partnership between the two founding races. It seems to me that we in this Parliament could do more than we are doing to promote that kind of understanding and good will in Canada today.

Sir John A. Macdonald also recognized the problem of retaining a Canadian identity, living as we are alongside the richest and most powerful nation in the world, not by being anti-American but by being pro-Canadian. This same problem is still with us, not in terms of the fear of military invasion but in terms of economic and cultural assimilation. I believe it is possible for us in our day and generation to meet this problem, and to meet it successfully just as did the men of 1867.

But, Mr. Speaker, we have other problems that Sir John A. Macdonald did not have. We are living in a period of social upheaval arising out of a great scientific revolution. We live in a period of rising expectations. We live in a time when men and women in our own country and in all parts of the earth want to benefit from the products of modern technology, and want to use modern science not only to improve their standard of living but to improve the quality of life. I would only hope that on this anniversary of the birth of Canada's first Prime Minister we in this parliament, and all Canadians, will use this occasion to look to the past with pride, to the present with determination, and to the future with unbounded confidence in what Canada can be and, by God's grace, will be.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, paying tribute to Sir John A. Macdonald is a pleasant duty in the circumstances and we fully endorse the statements made earlier by the Secretary of State for External Affairs (Mr. Martin), as well as by the Leader of the Opposition (Mr. Diefenbaker) and the leader of the New Democratic Party (Mr. Douglas).

Sir John A. Macdonald, born in 1815, was actually elected prime minister of Canada from the foundation of confederation over which he presided and which he designed, along with other Canadian patriots of the two main ethnic groups, the French speaking and the English speaking Canadians.

• (3:10 p.m.)

As far back as 1867, when the Canadian confederation was created, Sir John A. Macdonald recognized the existence of two different and separate segments of our nation: the English segment and the French segment.

That is why he associated himself at that time with Sir Georges-Étienne Cartier to draft the Canadian constitution which is now called the British North America Act.

Then Mr. Speaker, like all those around him, Sir John A. Macdonald saw the importance of drafting a constitution acceptable to both the English speaking and French speaking groups. The ultimate goal of Sir John A. Macdonald was to achieve out of disunity, out of misunderstanding, the unity of Canada. For instance, although Upper Canada and Lower Canada were at each other's throat, Sir John A. Macdonald was advocating the union of those two segments, those two groups to build a united nation, a strong nation, a nation which could see to the development of Canada's natural resources not only in 1867 but in the future.

Mr. Speaker, if since 1867 misunderstandings have occurred, Sir John A. Macdonald is not responsible, the constitution or the confederation is not to blame as much as certain elements, certain individuals who have put their own personal views above everything else instead of following faithfully the spirit of confederation and of the Canadian constitution.

Some hon. Members: Hear, hear.

Mr. Caouette: Mr. Speaker, this brings me to say that in 1967, on the day we are celebrating Sir John A. Macdonald's 152nd birthday, we find people, particularly in the province of Quebec—the province where 75 federal Members of Parliament come from—who seek to spread discord, misunderstanding, error and lies by trying to affix on the back of cars small plates that say that confederation was and is one hundred years of injustice for the province of Quebec.

Now, when Sir John A. Macdonald and the others who were with him founded this confederation in 1867, their idea was not to create injustice for Quebec, for Ontario, for the other provinces, but they set their hearts upon giving and insuring the most complete justice to all provinces which then united into confederation.

Mr. Speaker, there have undoubtedly been cases of injustice since the beginning of confederation, but it cannot be said that we have suffered from injustice for a hundred years. French Canadians in Quebec have continued the struggle for a hundred years, and there have been some memorable battles. It is true that in our province, like in others, there have been battles for the recognition of our

rights. But this does not mean that we have suffered from injustice for a hundred years; that is not true.

Mr. Speaker, the main idea behind the confederation over which Sir John A. Macdonald presided was unity in mutual respect of the elements constituting this confederation. To those who maintain today, in 1967, that the province of Quebec suffered injustices, I say this: those who, in the province of Quebec, maintain that Quebec had to contribute toward confederation without receiving anything in return are trouble makers and liars. True, like the other provinces, the province of Quebec had to contribute her share, to enter confederation, just as anybody has to pay his dues to belong to an organization. But if we had to pay our share to belong to confederation, we also benefited from confederation during the hundred years of its existence.

Some hon. Members: Hear, hear.

Mr. Caouette: Mr. Speaker, as we celebrate the birthday of Sir John A. Macdonald, I feel reluctant to mention what is going on in certain areas of the province of Quebec, particularly in Montreal, where bombs go off, where abusive language is used toward everybody, where even self respect is gone. I am against such goings on on the part of young people, most of whom are under the spell of some educators or professors who came here from Marxist or other countries of Europe, Asia, from Algeria or from African countries, and who are teaching revolution to our young people.

And we see what is going on in 1967. Injustices are not committed by those we might suspect. In fact, in the heart of Montreal, they are committed by some young Montrealers. And they are the ones who will pay for this tomorrow. What will the price be, I do not know, but they will be held responsible.

Mr. Speaker, I do not want to take up too much of the time of this house, but I am happy to say on behalf of my colleagues and myself, that we join with all those who, with dignity, respect and grateful remembrance, celebrate today this anniversary not as blind persons, but as reasonable and logical people, who can understand each other even if they do not share the same political views. We are happy to associate with all these people who are human beings, above political parties.

Sir John A. Macdonald was, first of all, a human being. Second, he was a great Canadian, responsible for a confederation which, despite its defects, has been useful to the population as a whole.

Some hon. Members: Hear, hear.

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, it is a privilege for all of us to join in the tributes which have already been paid to the memory of Sir John A. Macdonald. Certainly, speaking personally and on behalf of the members of our party, I regard it as an honour. I believe that as a master politician and a wise statesman, Sir John A. Macdonald was the instrument which led the people of Canada, and those who held elective office at that time one hundred years ago, into confederation. For this we today owe a great debt to Sir John A. Macdonald.

In Canada we may not worship heroes, but I believe it would be for our own good were we to pay just a little more attention to those who legitimately are the heroes of our heritage. Yes; we owe it to the past and to the future that to those who not only served their country well but who also in the destiny of their time and this nation served to forge and weld our country into the great dominion and nation which it has become, be properly and adequately recorded in the annals of our history.

There were other great men in Macdonald's day—Georges-Étienne Cartier, George Brown and others—but it was Sir John A. Macdonald who brought them together and led them. It was largely due to his efforts that political differences were put aside in favour of standing together on the fundamentals on which they agreed. There is a great lesson for us in this very fact. As I have read the records in the early *Hansards* of this Parliament, the records concerning the Charlottetown and Quebec conferences and the records of the legislatures of the early provinces, including those of Upper and Lower Canada, I find that Sir John A. Macdonald led those who served with him on the public scene one hundred years ago into three general areas of agreement which were basic to confederation and which are necessary and essential today.

The first of these was a determination that there should be a nation called Canada, separate and independent from all other nations. They held this determination in a mutual conviction. They were dedicated to it; they believed there was a destiny for this nation which at that time was only a subject of their own vision.

Second, Mr. Speaker, they believed that under a system of majority parliamentary rule, which was to be the basis for government in this country, the majority could be strong only when the rights of the minorities were protected and safeguarded. In those days they had all of the minorities we have today—the religious minorities, political minorities, language minorities and economic minorities —but, most important of all, these men were dedicated to the fact that the basic minority was the individual. They believed that government neither had the right to give nor take away these rights; it had instead the responsibility to protect and perpetuate them.

• (3:20 p.m.)

It was on this basis that they found themselves able to come together to draft the first constitution. But even more important than either of those things, these men believed that Canada could only achieve these purposes, provide this way of life and remain united if she continued as a nation under God. In fact they gave Canada a motto, one which many of us have forgotten if ever we really knew it. It was simply "He shall have dominion from sea to sea", a quotation from Psalms. I suggest that any of us who want to remind ourselves of this fact could do no better than go up into the Memorial Room and see these words engraved in the glass of the beautiful windows of that room. We have only to read what is inscribed over the archway as we enter this building or see it written in abbreviated form on our coat of arms. These men believed that only in this way could Canada accomplish what was their objective and vision for this country.

Sir John A. Macdonald was dedicated to these principles, and he led the men of his day on this basis.

Rather than a new constitution today, more urgent is the need for us to rededicate ourselves to the spirit of our present constitution and the details of that tremendous constitutional document which I believe in the future will be regarded for its great worth even more reverently than it has been in the past or is at the present time. If we could live up to the spirit of that constitution many of the differences that divide us today could be put aside in favour of the great areas of agreement which I am sure we all have.

Today it is difficult for us even to come to agreement on an amending formula for the constitution of 1867. How much greater was the feat, then, of these men one hundred years ago in bringing together the entire

document and standing in agreement upon it. Yes, Mr. Speaker, we owe a great debt to Sir John A. Macdonald. We have many lessons to learn from the confederating fathers. There is no better way of doing that today than recalling, remembering and respecting the life of this great man. It is our nation, Canada, which today stands as his living memorial.

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, I would not—

Mr. Speaker: Order, please. Is it the wish of the house to suspend the provisions of provisional standing order 15 (2) (a) to allow hon. members to make additional contributions to these comments.

Some hon. Members: Agreed.

Mr. Alkenbrack: Mr. Speaker, I would not be doing my duty as the representative of Prince Edward-Lennox if I did not rise at this time to support the many eloquent tributes that have been paid to the Lennox boy, the man whom we revere and recognize today, Sir John A. Macdonald, first Prime Minister of our country and at one time the representative in this house of the electoral district of Lennox.

I also would not be doing my duty to my constituents if I did not rise at this time to pay tribute to him, because in our part of Canada, the land of Macdonald, the land of the Loyalists, his memory is ever green and the principles for which he stood are still a force, and a strong one, in our principles of nationhood. This Lennox boy who roamed the fields of Adolphustown, which is one of the smaller rural municipalities of the province of Ontario, left his indelible mark upon the life of our area.

I recall and remind this house that on the south shore of Hay bay, in a rural setting close to the waters of that beautiful bay where the land was settled and developed by the Loyalists in 1785, there is a stone cairn marking the nearby spot where his father operated a farm in the early days of the life of the Macdonald family in Lennox. On that cairn there is a fitting tribute to this great man, which says:

> It was from these fields that he drew the inspiration that enabled him to weld the scattered provinces into a nation from sea to sea.

I am very impressed today with the tributes paid by all hon. members to our first Prime Minister. I was reminded of another inscription when the hon. member for Red Deer mentioned the inscription on the front of the peace tower which is a fulfilment of

the principles for which Macdonald and all the Fathers of Confederation worked, laboured and stood for. There is another inscription on the west side of the peace tower that describes those principles just as well. It is high above eye level and very few people notice it. It reads:

Where there is no vision, the people perish.

That is why I rise today in tribute to this great man of vision, who as a boy trod the fertile fields of Lennox and later the streets of Napanee and Picton as a young and newly articled lawyer in the service of George MacKenzie and who in later years came to this capital to labour as the main architect in the building of a great nation, for which we are thankful today. Macdonald was the immortal, first Prime Minister of this country, greatest among the great, who served Canada and the everlasting principles for which she stands today, a product of his genius, a free and independent nation respected throughout the world.

Mr. Speaker: Is the hon. member for Victoria (B.C.) rising on the same subject?

Mr. D. W. Groos (Victoria (B.C.)): Yes, Mr. Speaker. It might come as a surprise to you, Mr. Speaker, but I would like to remind hon. members of this house that in the years 1878 until 1882 Sir John A. Macdonald was the representative of the constituency which I now have the honour to represent, Victoria, British Columbia. I would like to associate myself with the remarks that have been made today in this house.

Mr. Speaker: By way of conclusion may I say that hon. members are invited to foregather later this afternoon at six o'clock in room 16 to fraternize in the spirit of Sir John A. Macdonald day.

Some hon. Members: Hear, hear.

Mr. Martin (Essex East): Mr. Speaker, on behalf of all of us, I should think no one would appreciate that gesture more than Sir John A. Macdonald himself.

On behalf of the Prime Minister, who as everyone in this house knows, is in Kingston today participating in commemorative events in honour of Sir John A. Macdonald, I should like to table a copy of a minute of a meeting of the Committee of the Privy Council, approved by His Excellency the Governor General on January 4, 1967.

This minute of the Privy Council, on the recommendation of the Prime Minister, advises that a proclamation be issued fixing Wednesday, the 11th day of January, 1967 for the commemoration of the birthday of Sir John A. Macdonald, the first prime minister of Canada, in this year of observance of the centennial of the confederation of Canada.

The house will be interested to know that the Prime Minister is today making an announcement that is, in my judgment, in every way consistent with the principles Sir John A. Macdonald held dear. He has announced that His Excellency the Governor General has been pleased to approve his recommendation that the premiers of all the provinces of Canada be appointed members of the Queen's Privy Council for Canada. The membership of the premiers in the privy council in this centennial year symbolizes in a most fitting way the unity in diversity that is so basic a feature of the history of this country. It was to the achievement and preservation of that unity, while respecting the diversity that the provinces embody, that Sir John A. Macdonald devoted his life.

Mr. Speaker, I wish to table a release of the Prime Minister's office announcing that His Excellency the Governor General has approved the Prime Minister's recommendation that the premiers of the provinces be appointed members of the Queen's Privy Council for Canada.

NATIONAL ANTHEM

CONSIDERATION BY JOINT COMMITTEE OF SENATE AND HOUSE OF COMMONS

On the order: Government notices of motion:

January 9—the Prime Minister—

That a special joint committee of the Senate and House of Commons be appointed to consider and from time to time to report upon the subject matter of the following proposed resolution: "That the government be authorized to take such steps as may be necessary to provide that 'O Canada' shall the the National Anthem of Canada while 'God Save the Queen' shall be the Royal Anthem in Canada";

That 12 members of the House of Commons, to be designated at a later date, be members of the joint committee; and

That a message be sent to the Senate requesting that house to unite with this house for the above purpose, and to select, if the Senate deems it advisable, some of its members to act on the proposed joint committee.

Mr. Speaker: Pursuant to section 2 of standing order 21, this government notice of motion stands transferred to and ordered for consideration under government orders later this day.

Questions

HOUSE OF COMMONS

ESTABLISHMENT OF COMMITTEE TO CONSIDER RULE CHANGES

On the order: Government notices of motion:

January 9—The Minister of Public Works—

That a special committee of 11 members, to be designated at a later date, be appointed to consider and from time to time to report upon the advisability of making permanent, with or without amendment, any or all the several changes in the procedure of this house adopted for the first session of the twenty seventh parliament on January 21, 1966, and such other changes as the committee may deem suitable to promote the more expeditious dispatch of the business of the house.

Mr. Speaker: Pursuant to section 2 of standing order 21 this government notice of motion stands transferred to and ordered for consideration under government orders later this day.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

SCHOOL BOARDS ON INDIAN RESERVES

Question No. 1,962—**Mr. Dinsdale:**

1. How many school boards have been established on Indian reserves since the policy was announced in 1964?

2. On what reserves are they located?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1 and 2. Although statements may have been made at the federal-provincial conference on Indian affairs in 1964 on the desirability of delegating to the band more responsibility in the operation of schools on the reserve by organizing school boards under provincial legislation, no definite policy was announced at that time, as this is a subject for continuing consultation with provincial governments. The term "school board" in relation to Indian education can refer only to a school board established under provincial legislation. Although section 113 of the Indian Act authorizes the minister to enter into agreement with the provinces for the establishment of school boards on reserves, there is only one example of such action being taken at Moose Factory in northern Ontario. This action was made possible because Ontario had enabling legislation for the establishment of a rural school section and the appointment of the Moose Factory Island school board with Indian representation organized to administer funds approved by the department; it has no power to raise money for education through local taxation. Almost 50 per cent of Indian children in schools are now in provincial systems, with excellent arrangements for local liaison and administration. Local participation in administration of federal Indian schooling will be expanded as quickly as applicable legislation and local circumstances permit.

[Mr. Speaker.]

STAFF TURNOVER, INDIAN AGENCIES, NORTHWESTERN ONTARIO

Question No. 2,043—**Mr. Reid:**

1. What has been the rate of staff turnover among the Indian agencies in the electoral districts of Port Arthur, Fort William and Kenora-Rainy River in the last five years?

2. What are the reasons given by transferring staff and what action has the Department of Indian Affairs and Northern Development taken to stop or slow down this turnover?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1.

Electoral district of Port Arthur

Year	Establishment	Separations	Rate of Turnover* %
1961-62	7	—	—
1962-63	7	—	—
1963-64	7	1	14.3
1964-65	8	3	37.5
1965-66	10	2	20.0

Electoral district of Kenora-Rainy River

Year	Establishment	Separations	Rate of Turnover* %
1961-62	23	—	—
1962-63	23	2	8.7
1963-64	25	4	16.0
1964-65	29	3	10.3
1965-66	33	6	18.1

Electoral district of Fort William

Year	Establishment	Separations	Rate of Turnover* %
1961-62	4	1	25
1962-63	4	—	—
1963-64	4	—	—
1964-65	4	—	—
1965-66	4	—	—

* Rate of turnover is interpreted to mean the percentage of separations in relation to total establishment.

2. Reasons given	%
Transfer and promotion	50
Transfer to other employment	20
Retirement	10
Full time home responsibilities	10
Resignation because of ill health	5
Dissatisfaction with working conditions	5

Turnover of staff is of continuing concern to the department and close attention is being given to staff development, the continued improvement of working conditions, and other aids to employee morale.

PROTOTYPE HYDROFOIL ANTI-SUBMARINE VESSEL

Question No. 2,166—**Mr. MacEwan:**

1. What was the approximate amount of damages by fire to the prototype hydrofoil anti-submarine vessel at Marine Industries Limited, Sorel, Quebec?

2. When is it now expected that this vessel will be delivered to the Canadian Navy at Halifax?

Hon. C. M. Drury (Minister of Industry): 1. The Department of Defence Production, the Department of National Defence and the ship's prime contractor, have undertaken a joint assessment of the extent of fire damage as well as technological and supply problems and costs associated with the carrying out of repairs to the hydrofoil ship. It is anticipated that this review will be completed within the next two months and will provide reliable cost and schedule data for both rectification of damage and completion of ship construction at Sorel, P.Q. Pending completion of the joint review, initial estimates place costs directly attributable to the fire at between $3.5 million and $4 million. Consequential effects of the fire may be in excess of $1 million.

2. Until completion of the assessment, the delivery date cannot be forecast with any degree of accuracy.

*DESERTIONS OF GREEK SEAMEN IN CANADIAN PORTS

Question No. 2,217—**Mr. Haidasz:**

1. How many Greek nationals deserted ships in Canadian ports and requested immigrant status in Canada from 1960 to 1966, inclusive?

2. How many of these Greek seamen were granted permission to remain in Canada?

3. How many of these Greek seamen (a) were deported (b) are awaiting deportation order?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. From January 1, 1960 to November 30, 1966, 2,629 seamen of Greek citizenship were reported as having deserted their vessels at Canadian ports. In the same period, 1,549 Greek ship deserters were either apprehended or surrendered voluntarily to immigration authorities and indicated a desire to remain permanently in Canada.

2. 455.

3. (a) 1,072; (b) 22 are awaiting decisions on the final disposition of their cases.

*DESERTIONS OF YUGOSLAV NATIONALS IN CANADIAN PORTS

Question No. 2,218—**Mr. Haidasz:**

1. How many Yugoslav nationals deserted ships in Canadian ports and requested immigrant status in Canada from 1960 to 1966, inclusive?

2. How many of these Yugoslav seamen were granted permission to remain in Canada?

3. How many of these Yugoslav seamen (a) were deported (b) are awaiting deportation order?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. From January 1, 1960, to November 30, 1966, 66 ship deserters of Yugoslav citizenship were either apprehended or surrendered voluntarily to immigration authorities and indicated a desire to remain permanently in Canada.

2. 31 were allowed to remain in Canada.

3. (a) 31 were deported. (b) Four are awaiting decisions on the final disposition of their cases.

REVENUE FROM PERCENTAGE OF INCOME TAX

Question No. 2,245—**Mr. Bower:**

1. What is the total revenue derived from one percentage point of personal income tax for each the years 1960 to 1966 inclusive?

2. What revenue is derived from one percentage point of personal income tax, broken down by provinces, for each of the years 1960 to 1966 inclusive?

3. What is the total revenue derived from one percentage point of corporate income tax for each of the years 1960 to 1966?

4. What revenue is derived from one percentage point of corporate income tax, broken down by provinces, for each of the years 1960 to 1966 inclusive?

5. On what basis do the federal government and provincial governments share the revenue derived from succession duties and is the federal government considering any proposals for change in the present basis of this distribution?

Hon. Mitchell Sharp (Minister of Finance): 1. See table I.

2. See table I.

Questions

3. See table II.

4. See table II.

5. The governments of the provinces of Quebec, Ontario and British Columbia impose succession duties. The government of Canada imposes an estate tax and pays to any province which does not impose succession duties, 75 per cent of the estate tax attributable to the province. The federal estate tax is abated by 75 per cent in British Columbia. When the government of Canada in 1963 offered to increase the abatement to 75 per cent, Quebec and Ontario chose to continue to receive an abatement of 50 per cent, but in addition to receive 25 per cent of the federal estate tax attributable to each. The proposed fiscal arrangements between Canada and the provinces outlined in the house by the Minister of Finance on October 31 last do not provide for any change in the basis for sharing the revenues from this source of taxation.

Table I

Total Revenue Derived From
One Percentage Point of Personal Income Tax (Excluding OAS Tax)
Allocated by Province*
(1% of federal personal income tax payable)
1960-61 to 1966-67

($'000)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1960-61	175	29	392	267	4,364	8,736	867	609	1,303	2,107	18,849
1961-62	188	32	407	292	4,810	9,370	914	641	1,479	2,219	20,352
1962-63	183	35	423	280	4,822	8,895	859	650	1,356	2,128	19,631
1963-64	207	41	472	315	5,477	9,910	935	751	1,456	2,406	21,970
1964-65	239	47	538	371	6,383	11,480	1,037	914	1,658	2,806	25,473
1965-66 (est.)	282	56	644	430	7,471	13,571	1,272	1,020	1,983	3,283	30,012
1966-67 (est.)	338	67	763	526	9,052	16,358	1,467	1,291	2,347	3,980	36,189

* The manner of allocating personal income tax by province is specified in Part XXVI of the Income Tax Regulations.

Table II

Total Revenue Derived From
One Percentage Point of Corporate Income Tax
Allocated by Province*
(1% of Corporate taxable income)
1960-61 to 1966-67

($'000)

Year	Nfld.	P.E.I.	N.S.	N.B.	Que.	Ont.	Man.	Sask.	Alta.	B.C.	Total
1960-61	488	110	692	559	9,349	14,593	1,488	1,022	2,405	3,247	33,953
1961-62	485	150	743	593	9,451	14,975	1,536	990	2,631	3,403	34,957
1962-63	409	60	689	523	9,049	15,714	1,435	949	2,528	3,775	35,131
1963-64	620	75	721	593	10,025	17,264	1,659	1,211	2,771	4,326	39,265
1964-65	827	79	749	669	11,149	18,432	1,869	1,270	2,814	4,671	42,529
1965-66 (est.)	764	92	887	730	12,342	21,255	2,043	1,490	3,411	5,326	48,340
1966-67 (est.)	970	93	879	785	13,079	21,624	2,192	1,490	3,302	5,480	49,894

* The manner of allocating corporate income tax is specified in Part IV of the Income Tax Regulations.

[Mr. Sharp.]

SECOND NATIONAL PARK, SASKATCHEWAN

Question No. 2,260—**Mr. Southam:**

1. On the basis of its announced policy, when will the government commence the development of the second national park in Saskatchewan?

2. Where will this second national park in Saskatchewan be located?

3. What is the estimated cost of this national park development?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. A requirement for the establishment of a national park is that the area be turned over to the federal government by the provincial government, free of all encumbrances. Studies concerning the various aspects are proceeding at the present time. The final decision as to where and when the new park will be established is one which requires joint agreement between the federal and provincial governments.

2. See answer No. 1.

3. Any estimates would be premature at this time.

CANADIAN CONSULATE IN U.S.S.R.

Question No. 2,283—**Mr. Mandziuk:**

1. Where in the U.S.S.R. will the Canadian consulate be established?

2. If established in Kiev, would this lead to diplomatic exchanges with the Ukrainian Socialist Soviet Republic?

Hon. Paul Martin (Secretary of State for External Affairs): 1. There are no immediate plans to open a Canadian consular office in the U.S.S.R., although as part of the understanding between the Canadian and Soviet governments concerning the establishment of a Soviet consulate general in Montreal the Soviet government has agreed that Canada may establish such an office in a mutually agreed Soviet city whenever it wishes to do so. The eventual location chosen will naturally reflect the best judgment of the place most appropriate for looking after Canadian interests at the time.

2. Kiev would be one of the logical and natural choices for the location of a Canadian consular office. Establishment of such an office there would be by agreement with the government of the Union of Soviet Socialist Republics.

WINTER WORKS REQUESTS, KAMOURASKA AND L'ISLET COUNTIES, QUE.

Question No. 2,331—**Mr. Dionne:**

1. How many requests were made by municipalities of the counties of Kamouraska and L'Islet under the winter works incentive program in 1965 and 1966?

2. How many of these requests were granted and how much money was allocated to each of these municipalities?

[*Translation*]

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. County of Kamouraska, 1964-65—30; 1965-66—27. County of L'Islet, 1964-65—5; 1965-66—8.

2. County of Kamouraska, 1964-65—30; 1965-66—27. County of L'Islet, 1964-65—5; 1965-66—8.

Questions

Federal payments in respect to these projects are as indicated hereunder.

County Kamouraska

Municipality	1964-65 No. of Projects	1964-65 Fed. Govt. Payment	1965-66 No. of Projects	1965-66 Fed. Govt. Payment
Andreville	2	$ 3,679.74	2	$ 2,686.22
Kamouraska	2	7,323.70	2	4,099.41
La Pocatière	1	36,107.58		
St. Pacome (village)	1	4,272.22	1	13,304.19
St. Pascal	1	6,001.05	2	
St. Alexandre	1	10,628.88	1	18,304.70
St. André	4	31,400.87	5	33,632.76
Ste Anne de la Pocatière	1	304.52	1	6,351.82
St. Denis	1	2,088.29	1	
Ste Hélène	3	21,427.62	5	15,837.32
St. Joseph de Kamouraska	1	2,165.00	1	2,648.21
St. Louis de Kamouraska	1	9,012.13		
St. Onésime d'Ixworth	2	10,330.13		
St. Pacome (Parish)	1	2,573.80	1	5,812.94
Woodbridge	2	18,465.65	1	15,684.05
Mont Carmel	1	2,700.00	1	8,943.47
St. Athanase	2	21,500.76	1	16,692.94
St. Eleuthère	1	24,606.52	1	
St. Gabriel-Lallemant	1	5,203.55	1	696.70
St. Pascal	1	4,612.04		

County L'Islet

Municipality	1964-65 No. of Projects	1964-65 Fed. Govt. Payment	1965-66 No. of Projects	1965-66 Fed. Govt. Payment
L'Isletville		$	1	$ 8,931.95
Turville	1	3,498.00	1	10,626.52
St. Aubert			1	3,028.47
St. Cyrille de Lessard	1	3,211.32	1	7,109.99
St. Damase de L'Islet	1	2,911.68	1	5,107.93
St. Eugene	1	464.05	1	
Ste Félicité	1	1,826.84	1	2,532.88
St. Marcel			1	14,155.31

[*English*]

RETRAINING PROGRAM NO. 5

Question No. 2,337—**Mr. Hales:**

1. How many people were enrolled in program 5 in Canada during the month of November, 1966?

2. How many people have graduated in the program 5 course since its inception?

3. Are those people enrolled in program 5 included in the unemployment figures for Canada?

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. Figures for enrolment of trainees in program 5 in Canada during the month of November, 1966 will not be available until the latter part of January, 1967.

[Mr. Munro.]

2. There were 96,152 persons reported as having graduated from program 5 courses from April 1, 1961 to March 31, 1966.

3. Persons enrolled in program 5 courses are included in the unemployment figures for Canada.

EXPENDITURES ON MANPOWER

Question No. 2,343—**Mr. Allard:**

1. Is a sum of $100 million, or less, available for the manpower re-training program in Canada?

2. If so, is this sum available only to technical workers or is it also available to clerical and auxiliary workers?

3. Through what channels are these funds distributed, the provincial Departments of Education,

directly to profesional organizations and unions, or otherwise?

4. What sums have been spent so far in each province for the fiscal year 1966-67?

[*Translation*]

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): 1. Less than $100,000,000 is available specifically for manpower re-training programs.

Approved federal estimates for all programs under the Technical and Vocational Training Agreement for the fiscal year 1966-67, total $224,335,000. This amount includes provision for the following expenditure items: (a) The cost of buildings and equipment for all programs, $142,475,000. (b) The operational cost of adult re-training programs, $58,095,400. (c) The operational cost of other programs, including in-school technical and vocational programs, $23,764,600.

2. The money is available for all occupational groups below the professionel level.

3. The funds are distributed principally through the provincial Departments of Education but also through provincial Departments of Labour.

4. The amount spent by each province during the current year is not as yet recorded in the form requested. During the period April 1 to November 30, 1966, the amounts paid to each province, against claims for Training in Co-operation with Industry (Program 4), Training of the Unemployed (Program 5), and Training of Disabled Persons (Program 6) were as follows: Newfoundland, $96,603; Prince Edward Island, $68,218; Nova Scotia, $863,765; New Brunswick, $121,713; Quebec, $2,334,605; Ontario, $9,-417,379; Manitoba, $824,622; Saskatchewan, $362,578; Alberta, $617,464; British Columbia, $468,901; Yukon Territory, $90,765; Northwest Territories, nil: Total, $15,266,613. In addition to the above claims, all provinces have claimed a total of $73,687,588 for capital expenditures and $13,159,967 for the operational costs of other programs.

[*English*]

CONSTRUCTION OF REPLICA OF "PELICAN"

Question No. 2,349—**Mr. Keays:**

Has the government authorized the construction of a replica of the *Pelican* and, if so (a) who has undertaken the construction of this ship and at what cost or price (b) what program has the government planned for this ship?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): 1. No.

Questions

LANGUAGE QUALIFICATIONS OF ENERGY DEPARTMENT STAFF

Question No. 2,358—**Mr. Laprise:**

What is the present number of (a) English speaking (b) French speaking (c) bilingual civil servants in each division of the Department of Energy, Mines and Resources?

Mr. Jack Davis (Parliamentary Secretary to Minister of Energy, Mines and Resources):

	(a) English speaking	(b) French speaking	(c) Bilingual
Administrative services	232	2	75
Surveys and mapping branch	594	2	185
Marine sciences branch	529	-	56
Geological survey	335	-	101
Mines branch	500	-	138
Geographical branch	71	-	23
Observatories branch	161	-	21
Polar continental shelf project	23	-	6
Water research branch	72	1	16
Water resources branch	304	-	51
Resource development branch	20	-	-
Total	2,841	5	672

SALARIES OF HEALTH DEPARTMENT NURSES

Question No. 2,363—**Mr. Muir (Cape Breton North and Victoria):**

What is the salary for Department of National Health and Welfare Nurses I in Toronto, Montreal, Winnipeg, Vancouver, Halifax, Sidney, Hamilton, Fredericton, Regina and Windsor, Ontario?

Hon. A. J. MacEachen (Minister of National Health and Welfare):

Nurse I

Location	Salary range
Toronto	$3,750-$5,300
Montreal	3,750- 4,950
Winnipeg	3,750- 4,950
Vancouver	3,750- 5,300
Halifax	3,750- 4,950
Sidney	3,750- 4,950
Hamilton	3,750- 4,950
Fredericton	3,750- 4,950
Regina	3,750- 4,950
Windsor, Ontario	3,750- 4,950

Motions for Papers

Mr. Jack A. Irvine (London): Mr. Speaker, I should like to ask the minister concerned, through you, when I might have an answer to question No. 1,675 which has been on the order paper since June 13 of last year.

Furthermore, I have not yet received an answer to starred question No. 2,086 which has been on the order paper since October 25 of last year. There is some information which I am desirous of obtaining, and I do not think it is a very difficult question to answer. I understand that starred questions are supposed to receive some semblance of priority.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I should also like to speak on a point of order and call the attention of the appropriate member of the government, who I believe in this case is the Minister of National Revenue, who is not here, to question No. 2,185 on the order paper which deals with a case before the tax appeal board and which was placed on the order paper by me on November 18 of last year. I see no reason for any particular delay in answering this question.

MOTIONS FOR PAPERS

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, notice of motion No. 194 is acceptable to the government. Would you please call motion No. 191. I ask that the remainder be allowed to stand.

C.B.C.—APPLICATION OF LABOUR CODE

Motion No. 191—**Mr. Howard:**

That an order of the house do issue for a copy of all correspondence, telegrams or other documents exchanged between the Canadian Broadcasting Corporation, or any official thereof and any other person, group or organization, excepting any other department or agency of the government, relating to the application of the Canada Labour (Standards) Code or the deferment or suspension of any part thereof.

Hon. Léo Cadieux (Associate Minister of National Defence): Mr. Speaker, in the absence of the Secretary of State may I deal with this motion. I wish to inform the hon. member that there have been no correspondence, telegrams or other documents exchanged between the Canadian Broadcasting Corporation or any official thereof and any other person, group or organization relating to the application of the Canada Labour (Standards) Code or the deferment or suspension of any part thereof. Therefore I suggest to the hon. member that he might wish to withdraw his motion.

[Mr. MacEachen.]

Mr. Howard: Mr. Speaker, in view of the fact that the C.B.C. has not written to anybody about this obviously I should withdraw the motion.

Mr. Speaker: Dropped.

Order discharged and motion withdrawn.

EDWARD ELROY HUNT—POST MORTEM REPORT

Motion No. 194—**Mr. Howard:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of the report of the pathologist who performed the autopsy or *post mortem* into the causes of the death of Edward Elroy Hunt, an inmate of the B.C. Penitentiary who died on June 26, 1966.

Motion agreed to.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I raise a point with regard to notice of motion for the production of papers No. 72, appearing on page 34 of today's order paper. I noticed that it was not called today. In view of the fact that this notice of motion bears a January date, I ask that the order paper be amended to show that it is January 1966, unless of course the Minister of Finance is able to indicate that the motion may be passed soon. If the motion is to stand for another two or three months I should like it to be clear that this is now a hardy perennial.

Hon. Mitchell Sharp (Minister of Finance): May I inform the hon. member who has this notice on the order paper, and other members of the house, that I do not expect it will be possible to present the report before January 31. Perhaps it will be possible to do so by the middle of February, so perhaps for the sake of clarification the order paper should show that it is January 31, 1966.

Mr. Speaker: Shall the remaining notices of motion stand?

Some hon. Members: Agreed.

NATIONAL ANTHEM

METHOD OF DEALING WITH RESOLUTIONS ON ORDER PAPER

Hon. E. D. Fulton (Kamloops): Mr. Speaker, at this time I would like to raise a point of order having to do with item No. 14 on page 5 of today's order paper. I have been seeking to find what I believe to be an appropriate citation with regard to this order, ever since the government notice of motion standing in the name of the Prime Minister on page 3 of the

order paper has already been dealt with. Your Honour will observe that that notice of motion deals with the same subject matter as the proposed resolution appearing on page 5. It is clear in my mind that there is a provision in the standing orders or the precedents of the house that you cannot have two motions on the order paper dealing with the same subject —especially two government orders. I am sorry I have not been able to find the appropriate citation, but I suggest with respect that the matter be taken under consideration. I am raising it now because I believe the correct procedure would be for some member of the cabinet to ask for leave to withdraw motion No. 14. I think it would be most inappropriate to have a motion stand on the order paper, to be dealt with in the house when the same matter is being dealt with by the committee. I think the motion should be withdrawn and the order discharged.

Hon. G. J. McIlraith (Minister of Public Works): It is a matter of the method the house chooses to use in dealing with the resolution. The method proposed, as will be seen from a reading of the motion on page 3, is to have the committee deal with the subject matter concerned. Having dealt with the subject matter, as is the practice with bills in almost all cases, they would then deal with the resolution before the house. If the hon. member will read the motion carefully he will see that it refers in precise terms to the motion on the order paper, and outlines the method of dealing with the motion on the order paper.

Mr. Fulton: I agree with what the house leader has said. Indeed, my point is that the two motions do deal with precisely the same thing. My recollection, although I cannot put my finger on the incident, is that rulings have been made in the past in such cases to the effect that the proper course is for the order previously appearing for the attention of the house to be discharged. Then when the committee reports, of course, the motion is returned to the order paper and taken under consideration.

I believe, as a matter of fact, this course was followed last night with regard to the bill regarding research which was referred to a standing committee of the house. I believe we passed an order discharging the order for consideration in committee of the whole until the standing committee reports to the house. I believe the same course should be followed here.

Mr. McIlraith: The hon. gentleman is ignoring one point throughout this discussion, and that is the motion on page 3 is a procedural motion relating to a measure before the house. Item No. 14 on the order paper is a substantive motion relating to a substantive matter to be passed by the house. This is the difference between the two.

Mr. Speaker: Both hon. members have spoken twice on the same subject, so each has been out of order once. I will take the matter under advisement and make a ruling in due course.

LABOUR RELATIONS

RAILWAY DISPUTE—GOVERNMENT ACTION FOLLOWING REJECTION OF OFFER

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to ask the Minister of Labour, now that there has been a rejection by the shop and crafts union of the railway of the 24 per cent increase proposed by the federal mediator, what is the government's intention as to its future course of action in connection with this matter?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, a request has been received by me from the shop crafts for the appointment of a board of arbitration. Since the Maintenance of Railway Operation Act provides that a set of regulations is to be drafted, and since perhaps more than 60 per cent of the railway employees involved have not yet voted on the mediator's proposals but their vote is expected within the next 14 or 15 days, I do not think it would be fitting to draft more than one set of regulations. We are waiting until all the votes are in before taking further action.

EXTERNAL AFFAIRS

VIET NAM—SUPPORT FOR POSITION TAKEN BY SECRETARY GENERAL

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I should like to direct a question to the Acting Prime Minister in his capacity of Secretary of State for External Affairs. In view of the statement made by Secretary General U Thant of the United Nations to the effect he is convinced that a cessation of the bombing of north Viet Nam is an essential prelude to any negotiations, are any representations being made by the government of Canada to

Washington in support of the position taken by the Secretary General of the UN?

Hon. Paul Martin (Secretary of State for External Affairs): I have had an opportunity of reading the statement of the Secretary General. I can say that I have had discussions with the government of the United States during the past six weeks. The Canadian government is actively engaged in trying to bring about negotiations for a settlement of the conflict in Viet Nam. We regard the cessation of the bombing as one of the necessary steps. I feel, in view of the negotiations that are under way between Canada and other countries, that it would not be in the interests of the solution we have in mind for me to go any further.

Mr. Douglas: May I ask the Secretary of State for External Affairs if through the International Control Commission or through any other channels, the government has any information regarding the alleged feelers being put out by the diplomats in Hanoi as to the possibility of negotiations in the immediate future? Is the government optimistic that these feelers are, in fact, being put forth and that there is some hope of negotiations being conducted?

Mr. Martin (Essex East): I cannot profess to be aware of all the attempts that are being made toward preliminary negotiations. I can say that the government is aware of particular negotiations, apart from those in which Canada may be interested. We have been in communication with the government or governments concerned in these negotiations and we are giving them every encouragement we can.

ISRAEL-SYRIA—STEPS TO DEAL WITH THREATENED OUTBREAK

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I should like to direct my question to the Acting Prime Minister in his capacity as Secretary of State for External Affairs. Has he any statement to make to the house regarding the critical situation which is developing between Israel and Syria, particularly as it relates to Canadian personnel, their safety and their peace keeping duties under the UN?

Hon. Paul Martin (Secretary of State for External Affairs): During the last few weeks, as my hon. friend knows, there have been a number of incidents of increasing gravity on the Israel-Syrian frontier. We are concerned about these developments, and I have often so indicated to the parties involved. We hope that both sides will adhere strictly to their obligations under the armistice agreement and allow calm to be restored on that frontier.

The UN observers stationed on the Israel-Syria border have negotiated cease fires during several of the exchanges which have taken place. We trust that both sides will make full use of the UN peace keeping machinery in the area in order to settle their immediate differences.

[*Translation*]

GOLD MINING ASSISTANCE

QUEBEC—POSSIBLE SOLUTIONS OF PROBLEMS

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I have a question for the Minister of Finance.

I should like to ask him whether he has made himself acquainted with the brief submitted to his colleague, the Minister of Energy, Mines and Resources (Mr. Pepin) by the northwestern Quebec chambers of commerce with regard to the gold mining problem. Can he tell the house whether he has any solution to that gold mining problem in northwestern Quebec?

Mr. Speaker: I hesitate to tell the hon. member that, in my opinion, this question is much too general to be put at this time.

[*English*]

RESEARCH

REQUEST FOR TABLING OF FIRST VOLUME ON SPACE ACTIVITIES

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is to the Acting Prime Minister. Is it the government's intention to table the first volume of the report on Canada's space research activities dealing primarily with the project known as HARP, and will he comment on the government's rather equivocal position with regard to this project.

Hon. Paul Martin (Acting Prime Minister): May I take that question as notice, Mr. Speaker.

FISHERIES

REPORTED ESTABLISHMENT OF PROCESSING PLANTS ON FRENCH ISLANDS

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I wish to direct a question to the Acting Prime Minister in his capacity as Secretary of State for External Affairs. It was announced in *Le Devoir* on January 5, 1967 that American interests plan to build two fish processing plants on the French islands of St. Pierre and Miquelon. The French islands could therefore serve as landing bases for the American fishing fleet, and I would ask the minister whether this proposal was put forth by officials of his department in an effort to secure an agreement on the 1964 legislation calling for a 12-mile fishing limit off Canada's coast?

Hon. Paul Martin (Secretary of State for External Affairs): No, sir.

Mr. Crouse: A supplementary question. Would the minister tell the house what progress is being made toward establishing the geographical co-ordinates from which base lines can be drawn and the 12-mile limit established, as called for in the legislation passed in 1964?

Mr. Speaker: Order. The hon. member is asking a very general question which is asking for a general statement of policy. I do not think that can be permitted at this time.

VETERANS AFFAIRS

AMENDMENT TO LAND ACT WITH RESPECT TO PURCHASE OF PROPERTY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Veterans Affairs; I apologize for not giving him written notice. Is the minister giving consideration to introducing amendments to the Veterans Land Act, or possibly to the regulations, to provide for changing circumstances in the purchase of properties for veterans, and also to changing the regulations with respect to the administration's relationship with the real estate fraternity?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, there are no proposals to amend the act. Constant reviews of the regulations are being made. From time to time we do amend them and some of them are under current study. I think that if the hon. member would let me know the specific area in which he is interested I could make inquiries and reply to him more directly, if that is satisfactory.

AGRICULTURE

INQUIRY AS TO POSITION OF DEPUTY MINISTER

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Is there a deputy minister of agriculture at the present time? If so, what is his name?

Mr. Speaker: Order. The hon. member is asking for statistical information, which should not be asked for at this time.

Mr. Harkness: With all respect, Mr. Speaker, this is a matter of some importance and urgency not only to members but to agricultural organizations and the entire farming community. They would like to know whether there is a deputy minister and, in particular, who he is. If there is no deputy minister of agriculture at the present time, they would like to know who is the acting minister so that they will know whom to contact with respect to a number of matters.

Mr. Speaker: Perhaps it would be easier if I allowed the minister to answer the question.

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, Dr. Barry is still acting deputy minister of agriculture, as well as acting as chairman of the Canadian Dairy Commission until such time as his successor is appointed.

Mr. Harkness: Then, Mr. Speaker, I must protest against the minister having misinformed the house the day before yesterday. On January 9 I asked him this question, as reported at page 11537 of *Hansard*:

> Is Dr. S. C. Barry still the deputy minister of agriculture and, if not, when did he cease to occupy that position?

The minister's answer was:

> Dr. Barry is now the chairman of the new dairy commission.

Quite evidently the minister gave us the impression, and I think gave the country the impression, that Dr. Barry was no longer the deputy minister of agriculture. I think the minister owes the house an apology.

Mr. Greene: Mr. Speaker, the statement found in *Hansard* is perfectly correct; he is chairman of the Canadian Dairy Commission.

Inquiries of the Ministry

LABOUR RELATIONS

REQUEST FOR TABLING OF ORDER EXTENDING MARITIME UNIONS TRUSTEESHIP

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Labour. Is he tabling today, or if not today when will he table, the order in council extending the application of the Maritime Transportation Unions Trustees Act, and also the annual report of the board of trustees.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, it would be difficult for me to table the annual report because it has not come into my hands. With regard to the proclamation, pursuant to the statute I must table the proclamation within a limited number of days, and I can assure the hon. member and the house that it will be tabled within the next few days.

Mr. Howard: A supplementary question. I wonder whether the minister would take the opportunity on motions to explain to the house the reasons for passing that order in council?

Mr. Nicholson: I would be very pleased to, Mr. Speaker.

BRIDGES

BRITISH COLUMBIA—REQUEST FOR FEDERAL ASSISTANCE

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, may I ask the Minister of Finance whether there have recently been, or are now, negotiations with the government of British Columbia regarding federal assistance with respect to the cost of the bridge across the first narrows in Vancouver? If so what is the present position?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the premier of British Columbia has made representations on this subject; I do not know that they can be termed negotiations.

Mr. Fulton: A supplementary question. Is the minister in a position to confirm a report in a Vancouver paper that the parliamentary secretary to the Prime Minister made a statement, or gave information to the mayor of Vancouver, that the federal government would be willing to advance part of the cost of this bridge on a repayment basis, which might be handled by the imposition of tolls.

[Mr. Greene.]

Mr. Speaker: Order, please. The hon. gentleman realizes that he cannot ask a question about the accuracy or otherwise of a press statement.

Mr. Fulton: I was asking the finance minister whether he was in a position to confirm that that is the position of the federal government?

Mr. Sharp: No, Mr. Speaker, I cannot confirm the statement in those terms.

HOUSING

INQUIRY AS TO INTRODUCTION OF FURTHER LEGISLATION

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, during the recess many of us in this house became more aware of the critical housing shortage which is facing Canadians, especially those in the lower income brackets.

Mr. Speaker: Order, please. The hon. member should ask a question. Questions cannot be prefaced by statements.

Mr. Grafftey: In view of the Dominion Bureau of Statistics figures published Wednesday showing a rise in the cost of living due to increased housing costs and rents, may I ask the Minister of Labour, who is responsible for Central Mortgage and Housing Corporation, whether the government is seriously considering housing legislation which will regard housing policy as a social welfare necessity and not a fiscal instrument.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, that is rather a general question or statement involving several questions of policy. The government is aware of the seriousness of the housing situation, and when the government decides to make any change in its policy same will be announced to the house.

Mr. Grafftey: In view of the fact that the crisis is here now, and many Canadians in the low income groups want housing now—

Mr. Speaker: Order. The hon. member is now submitting an argument. He should ask a question.

Mr. Grafftey: May I ask a supplementary question. Will this announcement be made very, very soon so that this situation can be relieved very, very soon?

Mr. J. R. Keays (Gaspé): A supplementary question, Mr. Speaker. On December 7 I addressed a question to the Minister of Labour

in connection with the housing problem. I asked him at that time whether he was in a position to tell the house what response private lenders had made to meet the housing problem, and he took the question as notice. I am wondering whether he is now in a position to give the house a report on this situation.

Mr. Nicholson: In answering this question, which I am very glad to do, Mr. Speaker, may I say that most of the investment or lending institutions—and when I use that term I am referring to the mortgage and insurance companies—have been giving some thought to this problem, as I hope have the banking institutions in view of the amendments to the Bank Act which have been before this house. We know from discussions that the officials of Central Mortgage and Housing have had with some of these institutions, that the lending programs are under consideration and I hope to have a report on the situation within the next 10 or 12 days. I will be making a statement on the subject toward the end of the month; I think it would be premature to do so in advance of that date.

[*Translation*]

IMMIGRATION

INVESTIGATION OF PROSPECTIVE EMIGRANTS BY MOUNTED POLICE

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the Minister of Manpower and Immigration. Is it true that the R.C.M.P. makes investigations regarding all French citizens who wish to leave their country to settle in Canada? Can the minister tell the house whether the R.C.M.P. makes such investigations regarding prospective emigrants from other countries?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, generally, the R.C.M.P. makes investigations regarding people who want to come to Canada. There are a few exceptions, for instance Great Britain and Ireland. Instructions have been given so that from now on the procedure applicable to Great Britain and Ireland will also apply to France.

[*English*]

TELEVISION

ALBERTA—PROVISION OF EDUCATIONAL FACILITIES

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, in the absence of the minister may I address my question to the parliamentary secretary to the Secretary of State. Can he advise the house whether a decision has been reached by the government with respect to the installation and provision of transmission facilities owned by the federal government for the purposes of educational television. If that decision has been reached, when is it proposed that the facilities will be functioning? There are concurrent facilities that would be available to educational networks in the province of Alberta if it were not for the federal government's intention to enter this field.

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I will see that this question is brought to the attention of the Secretary of State.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): I have a question for the Minister of National Health and Welfare. In view of the extensive publicity given to the maturing of the Canada Pension Plan this month, would the minister consider presenting the first monthly cheque of $1.25 in front of the centennial flame?

Mr. Speaker: Order, please. The hon. member for Churchill.

Mr. Aiken: While the minister is considering his answer, may I ask him if he would allow the former minister, the present Secretary of State, to present the largest cheque, which will be for $10.42.

An hon. Member: Not bad.

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I had a question for the Minister of Manpower and Immigration. As neither the minister nor his assistant is present at the moment perhaps Your Honour will permit me to ask my question tomorrow afternoon.

Mr. Enns: Mr. Speaker, I have a question—

Mr. Speaker: Order, please. I understood that the hon. member for Greenwood proposed to ask a question tomorrow?

Mr. Brewin: Yes, Mr. Speaker, but the parliamentary secretary has returned. Nevertheless I shall ask my question tomorrow.

Inquiries of the Ministry

On the orders of the day:

Mr. John M. Reid (Kenora-Rainy River): My question is addressed to the Minister of Public Works and it concerns the notice of motion which appears under his name on today's order paper. In view of the fact that debating procedural matters in the House of Commons can become an occupational disease, may we on the back benches have the assurance of the minister that no one who has served for more than five years in the house will be appointed to this committee?

Some hon. Members: Oh, oh.

[*Translation*]

On the orders of the day:

Mr. Roland Godin (Portneuf): Mr. Speaker, my question concerning confederation is addressed to the Minister of Finance who has now held that portfolio for a year.

Would the minister now be in a position to state how many centuries it will take the Canadian government to pay off the debts it has accumulated since 1867?

Mr. Speaker: Order. That question does not appear to be too urgent. The hon. member has referred to the number of centuries, and I think it would be better to put the question on the order paper.

[*English*]

OLD AGE SECURITY

REQUEST FOR ASSISTANCE TO INDIANS AND ESKIMOS IN FILING APPLICATIONS

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. In view of the extensive advertising campaign being carried on to inform the recipients of old age pensions of the procedure they should follow in making application for supplementary payments, can the minister tell the house what procedures will be followed to assure that all old age recipients among our Indian and Eskimo peoples eligible for the supplementary payments will be assisted in filing the necessary applications.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Yes, Mr. Speaker, this will be done.

[Mr. Brewin.]

[*Translation*]

[*Later:*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to put a question to the hon. Minister of National Health and Welfare.

A moment ago, someone asked him whether old age security pensioners will receive application forms. Will forms be sent to all old age pensioners across Canada, not only when they reach 68 or 69 years of age but from the moment they receive their pension? Will forms be sent to these people, so that they may apply for the $30 monthly supplement?

[*English*]

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, application forms will be sent to all recipients of old age security who will then be in a position to apply, if they wish, for the supplement.

Mr. Caouette: A supplementary question. Do I take it that age does not matter, that from 65 years of age on, everyone will receive an application form. Is that it?

Mr. MacEachen: No, Mr. Speaker. Only persons in receipt of old age security will receive application forms. As my hon. friend knows, old age security is not payable at age 65 at the present time, although it will, on a reducing basis, be paid at that age in a few years.

Mr. Caouette: I have another supplementary question, Mr. Speaker. Are provinces such as, say, Quebec, where under some kind of allocation the people receive a pension at age 65, entitled to receive help from the federal government, so that the $30 is applicable to those people over 65 years of age?

Mr. MacEachen: Mr. Speaker, the recipients of old age assistance, the category to which my hon. friend refers, would be eligible for increased assistance on a shared basis under the Canada Assistance Plan.

LABOUR GAZETTE

DELAY IN DELIVERY OF FRENCH EDITION

On the orders of the day:

Mr. J.-A. Mongrain (Trois-Rivières): Mr. Speaker, my question is addressed to the Minister of Labour. Considering that for the last 12 months I have several times pointed out to the minister that the French edition of the *Labour Gazette* is issued three or four months late, and the minister understandably seems to be embarrassed by this situation, would he be ready to consider the suggestion

that a special committee be set up to investigate the matter, to find solutions and report to the minister as soon as possible?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, the short answer is, no. We have a very effective committee of this house, as demonstrated by the work that it has done during this session of parliament in dealing with matters relating to manpower and labour. Only under very special circumstances ought such a matter be referred to a standing committee, and in this instance I question whether it is necessary at all to refer the matter to a committee.

Earlier this session I reported considerable improvement in our efforts to arrange for simultaneous publication of the English and French editions of the *Labour Gazette*. I then expressed the hope that by the end of the year simultaneous editions might be possible. That that could not be achieved will be evident, for two reasons: In the first place the chief of the section was taken ill when trying to meet the difficult objective he himself had set. He was away from work for several weeks but is now back, in good health, and progress is being made toward the desired objective. There is another reason. For several months the department has been pressing the bureau of classsification for additional appointments to the staff.

Mr. Speaker: Order, please.

Mr. Nicholson: Those have not yet been made.

Mr. Speaker: As we are limited to a 30 minute question period perhaps the minister might use the shorter answer.

HEALTH AND WELFARE

RECOMMENDATIONS FOR AMENDMENTS TO CRIMINAL CODE

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): My question is addressed to the Minister of National Health and Welfare. Will he implement the recommendations of the standing committee on health and welfare, involving certain amendments to the Criminal Code. I would add that no fiscal expenditure is involved in implementing this recommendation.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the recommendations of the committee are under consideration at the present time.

EDUCATION

REQUEST FOR STATEMENT ON STUDENT SCHOLARSHIP PROGRAM

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, on December 2 last the hon. member for Danforth (Mr. Scott) addressed a question to the Acting Prime Minister about the student scholarship program. In his answer the Acting Prime Minister, who is again today the Acting Prime Minister, said he would refer the matter to the Minister of Finance. Could the Minister of Finance inform the house when we might expect action by the government on the continuously delayed student scholarship program?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, when a decision is made it will be announced.

Mr. Knowles: What year?

NORTHERN AFFAIRS

NORTHWEST TERRITORIES—ALLEGED DELAY IN DEALING WITH CARROTHERS REPORT

On the orders of the day:

Mr. Barry Mather (New Westminster): I have a question to address to the Minister of Indian Affairs and Northern Development. I wonder if the minister would say whether he plans making an early statement about the reported criticisms of his department made by the former commissioner of the Northwest Territories with respect to the alleged lack of decision by the department in dealing with the Carrothers report. Will he, in his reply, include a statement about the problems of the Northwest Territories?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I had the opportunity last evening of speaking with Mr. Sivertz. During the conversation I complimented him on concluding a long term of good service to the people of Canada. I also had the opportunity of telling him that I was disturbed and concerned over the statements he had made. After our discussion last night he told me he was greatly reassured and intended writing to the members of the council to that effect.

SIR JOHN A. MACDONALD

DECISION AS TO CREATION OF NATIONAL HOLIDAY

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question is addressed to the Secretary of State

for External Affairs, in the absence of the Prime Minister. Has the government reached a decision not to have January 11 as a national holiday? On the other hand has it already decided to create a new national holiday, as presumably announced by the Secretary of State last night at Edmonton?

Hon. Paul Martin (Secretary of State for External Affairs): I do not know what the Secretary of State is purported to have said but I would direct the attention of the hon. gentleman to the reply to this kind of question which was made by the Prime Minister on Monday last in answer to one put to him by the Leader of the Opposition.

[*Translation*]

BILINGUALISM AND BICULTURALISM

INQUIRY AS TO REPORT

On the orders of the day:

Mr. Martial Asselin (Charlevoix): Mr. Speaker, in the absence of the Prime Minister, I wish to direct my question to the Acting Prime Minister.

When does the government hope to receive the report of the Laurendeau-Dunton commission on bilingualism and biculturalism? This question has been addressed to the Prime Minister by members several times, and he answered that the report would be available early in 1967. I would like to ask the Secretary of State for External Affairs whether he has some information for the house on that subject.

Hon. Paul Martin (Secretary of State for External Affairs): One thing is certain, sir. I may say that we will not have the report this week. However, I shall inquire further.

[*English*]

CANADA DEPOSIT INSURANCE CORPORATION

AUTHORIZATION FOR ESTABLISHMENT OF CORPORATION, MAKING OF LOANS, ETC.

Hon. Mitchell Sharp (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to establish the Canada Deposit Insurance Corporation with an authorized capital of ten million dollars to be subscribed for by the Minister of Finance and paid out of the consolidated revenue fund at such time as the corporation may require; to authorize the minister to make loans to the said corporation the aggregate outstanding amounts of which shall not at any time exceed five hundred million dollars; and to provide further for the employment of staff and for other matters consequential upon or incidental to any of the foregoing.

[Mr. Lambert.]

Motion agreed to and the house went into committee, Mr. Rinfret in the chair.

Mr. Sharp: The purpose of this resolution is to authorize the introduction of the bill to establish the Canada Deposit Insurance Corporation. At this stage I intend to deal only with the general approach of the government to the matter of deposit insurance and with the major features of the proposed legislation.

On July 5 of this year when I introduced the bill to revise the Bank Act, I said it was the government's intention to introduce legislation in the present session of parliament to establish a system of deposit insurance for federally incorporated institutions which accept deposits, and to make it available to certain provincially incorporated institutions if such institutions and the provincial government concerned wished to take advantage of the opportunity.

During the past few months in the course of preparing legislation to establish deposit insurance, we have studied the system of deposit insurance which has operated very successfully in the United States for more than 30 years and have given provincial authorities an opportunity to express any views they might have, in particular as to how they thought the proposal might affect institutions operating under provincial supervision.

The government realizes that deposit insurance is not the answer to all the problems involving the supervision of financial institutions in this country. Discussions are going ahead in other fields which are closely related to the objectives of deposit insurance. In this connection I might mention securities regulations which were recently the subject of a conference between federal and provincial representatives. Finance companies are in another category, partly in the field of securities regulations, but to some extent also posing problems of a distinctive institutional character. It seems clear that action on a number of fronts will be necessary in the public interest. As I have already mentioned in the house, I have asked my departmental officials to look at the more general questions surrounding the adequacy of the control that now exists in the general field of finance companies, and I have indicated that we are willing to confer with the provinces on this matter if they so wish. I might add that I

believe that improvements designed to protect the public interest are not only a responsibility of governments; there is a useful role to play for those in the business, with a view to achieving higher standards.

In the meantime it seems desirable to get ahead with deposit insurance which is a major step in itself. One of the reasons for wanting to proceed now with this measure is that it is of interest in relation to the banking legislation being considered by the standing committee on finance, trade and economic affairs.

It is expected that the proposed system of deposit insurance will achieve three important objectives: (1) The primary objective, of course, is to ensure the safety of those depositors who are usually not in a position to judge for themselves the financial soundness of the institutions to which they entrust their savings. (2) The Canada Deposit Insurance Corporation will also have power to function as a lender of last resort for deposit-accepting institutions, providing needed liquidity at times of crisis when such institutions may not have access to their normal sources of liquidity. (3) Member institutions will be subject to inspection. It will be an objective to bring about a gradual improvement in the minimum financial standards of deposit-accepting institutions across the country. There will be a sympathetic and helpful attitude toward institutions which wish to co-operate in this objective.

Membership in the deposit insurance plan will be obligatory for chartered banks, Quebec savings banks and those federal trust and loan companies which accept deposits from the public. Provincially incorporated trust and loan companies which accept deposits from the public will be eligible to apply for membership if they have the consent of the province concerned.

It is not proposed that deposit insurance be available to credit unions and caisses populaires, which are co-operative institutions dealing with their members rather than public deposit-accepting institutions. To a considerable extent mutual insurance schemes have already been established for the local credit unions. At the federal level there is the Co-operative Credit Associations Act which provides for the incorporation by special act of the parliament of Canada of co-operative credit societies. Amendments to the Co-operative Credit Associations Act are presently under consideration. Among the matters which will be reviewed is whether or not a lender of last resort facility is needed in connection with the operation of these societies.

Deposits of the public will be insured up to a maximum amount of $20,000 per deposit account, an amount which seems enough to cover the type of depositor needing this kind of protection. It has been thought best to leave room for flexibility in the definition of insurable deposits.

• (4:20 p.m.)

It is quite likely that new instruments will appear from time to time, and it seems very desirable to be able to rule whether or not they should be regarded as insurable deposits. It is proposed, therefore, to define the kinds of deposits eligible for insurance under by-laws of the corporation which will require the approval of the governor in council, but they will, of course, include all the usual forms of savings and deposit accounts.

It is expected that the greatest need for the lender of last resort function of the Deposit Insurance Corporation is likely to arise in relation to the demand for quite short-term deposits of insured institutions. To the extent to which the liabilities of financial institutions are of a long-term character, given good management they should be able to protect themselves by holding an appropriate distribution of assets. However, in the case of institutions with very short-term liabilities, it is difficult for them both to make any profit on their operations and to keep enough short-term assets to protect themselves against all emergencies. Even if they maintain high standards of financial management, events taking place elsewhere in the financial system, perhaps outside Canada, can have repercussions that produce serious liquidity problems for them.

Turning now to specific measures involved in the proposal to establish the Canada Deposit Insurance Corporation, I shall mention the major features.

1. It is proposed to establish a new crown corporation to be called the Canada Deposit Insurance Corporation. It will be under the management of a board of five directors, including a chairman of proven financial experience from outside the public service to be appointed by the governor in council. The other four directors will be the Governor of the Bank of Canada, the Deputy Minister of Finance, the Superintendent of Insurance and the Inspector General of Banks.

2. Parliament is asked to provide the $10 million share capital of the corporation and a deposit insurance fund will be built up out of premiums of 1/30th of one per cent per annum on the insured deposits of member institutions. When the fund has reached adequate

proportions it is provided that the rate of premiums may be reduced under certain circumstances.

3. The corporation will invest its share capital and the deposit insurance fund in securities of the government of Canada. Earnings on these investments will be available to meet operating expenses and, if there is sufficient net income, to pay dividends on its share capital.

4. To enable the corporation to act as lender of last resort to its members in case of need, either by lending on the security of members' assets or purchasing such assets when that is appropriate, the government will be authorized to make advances to the corporation up to a total of $500 million. Any such advances would be expected to be repaid by the corporation from recoveries of the assistance provided to its members or from the deposit insurance fund.

The government realizes that it may not be possible in the present session of parliament to complete consideration of the bill, although I hope we can do so. It will be useful in any case to make known the intentions of the government and, if the bill has to be introduced again in the next session of parliament, there will have been an opportunity to benefit from public discussion of the measure.

Mr. Lambert: Mr. Chairman, this has indeed been a long awaited day, and without trying to be petty about the criticisms that might be offered by members of the committee I would just convey to the minister once more the various criticisms that have been levelled against the government both by members of the standing committee on finance, trade and economic affairs, and by witnesses who appeared before that committee, on the delay in bringing forward this legislation.

The standing committee has been studying the Bank Act since October. An integral part of revision of the Bank Act included not only the so-called extension of the competitive element for banking but also control of those engaged in banking and banking practices. These could not be separated one from the other. We got the government's proposals with regard to the Bank Act and the Quebec Savings Bank Act, and now at this late date we get its proposals with regard to the Canada Deposit Insurance Corporation.

The minister did not state whether it is the intention merely to proceed to first reading of the bill. If I remember correctly, in reply to a question which I put to him on an earlier occasion the minister said it was the intention just to disclose the bill in this session and then leave it for study and comment upon it by the financial community, following which the bill could be dealt with in a subsequent session of parliament. Does the minister wish to confirm that?

Mr. Sharp: This is a perfectly legitimate question in the light of what I have said. The government realizes now that there is perhaps even greater urgency for the early passage of this measure than there was when it was referred to by me at the time of the introduction of the revisions to the Bank Act, and the government would be prepared to proceed with all stages of the measure during this session of parliament. Nevertheless it would be desirable for an opportunity to be given to the general public, and to those institutions who might wish to take advantage of this facility, to study the bill.

This is a new venture in Canada. It raises issues of quite a different character from anything we have seen previously. But if in fact it is clear that the facility will be used generally, and will be a useful addition to our financial mechanism, the government would be prepared to give the measure greater priority than it had originally intended, and to try to get it through during the present session. But I think we should leave it over until we see whether there is a fairly broad degree of acceptance of the idea. I might add that the government is quite prepared to consider amending this legislation if, upon examination, there appears to be need for major changes.

Mr. Lambert: Mr. Chairman, the minister has given a very careful half answer. The government has certain options it may exercise with regard to this measure. The first, and least desirable, is to proceed with all stages through the house. The second is to give the bill first reading and then let it stand for a time, proceeding at a later date with the rest of the stages. There are plenty of precedents for that course. The third option is that we should proceed with a certain amount of celerity, certainly not later than next week, to refer the bill to the finance, trade and economic affairs committee. This is absolutely the least that we in the opposition would accept.

The minister must agree with me that this measure is so inherently bound up with the consideration of the Bank Act that we must consider its provisions to see whether it will fill the lacunae which we feel exist within the Bank Act. The officials of the Canadian

Bankers Association, and other witnesses who withheld comments about deposit insurance, would then have an opportunity of commenting upon it, in addition to which the minister must appear before the committee and be questioned. He has a case to make for this measure and I think he should make it before the standing committee.

If the government intends to proceed with the bill this session, then it should be referred to the standing committee on finance, trade and economic affairs at the earliest possible opportunity. The minister should consult with the government house leader so that arrangements can be made for this to be done without any delay.

• (4:30 p.m.)

Mr. Sharp: Mr. Chairman, may I say that the government wants to do only what will facilitate very careful consideration and passage of this legislation. If reference of the subject matter of the bill, to the committee, would help in this regard, we would have no particular objection; on the other hand, I would want to be sure that in fact this would help facilitate the passage of the Bank Act itself, which is the first order of priority. I do not agree altogether with what the hon. member said to the effect that this is vital to the passage of the Bank Act. I do believe the committee is quite right in wishing to have a look at the bill to see what the government has in mind, but I am quite sure the Bank Act could be approved without approval of the Canada Deposit Insurance Corporation legislation.

Mr. Lambert: Mr. Chairman, I could not disagree more with the minister in his view that the Bank Act meets the requirements. The Bank Act is only half a loaf so far as the control and examination of the people engaged in banking practices is concerned. From a historical examination we know that the government's position changed in respect of Bill C-102 and Bill C-222 because of the Atlantic Finance fiasco. Now the minister has revised his position because of the Prudential Finance fiasco. Will another fiasco be required next week in order to get the government to agree that the committee might consider this matter in relation to the Bank Act. I do not think the minister really can be serious in proposing that type of thinking.

Now, in respect of the question of deposit insurance, I may say that personally I have grave objections to it. I think this is the wrong way in which to go about this matter. I think it has resulted in a confusion of two sets of difficulties, and that this has been caused by some emotional panic on the part of the government. First, the government has refused to face up to the fact that—and I have a lot of legal references to this effect—the government has all the authority it wants under the constitution to control banks and banking practices. One has to look only at the B.N.A. Act to see that there is control over banking, control over currency, control over interest, and over many other related matters. These are strictly within the jurisdiction of the Crown of Canada. There is no shared jurisdiction with anybody else. In fact I would say that if there now are some near-banks which are engaged in banking practices, this is because they have moved into a vacuum by default. If the provincial governments say that they now have the right of control over near-banks within their jurisdictions merely because they have incorporated these organizations and merely because they have been present at the engendering of these corporations, then I think they merely are shouting from the position of squatters' rights; that is all there is to it.

Under the constitution it is clear that the federal government has exclusive jurisdiction over banking. Let any provincial authority shout all it wants: The constitution is clearly set forth. If one wants legal authority, the minister could refer to the case of the Attorney General of Canada v. the Attorney General of Alberta which is a Privy Council case concerning this matter. This is a clear indication that banking is not limited to that as practised in 1867. Banking is a matter of continuing evolution. The government might have amended the Bank Act to provide for a definition of banking—a more flexible definition of banking—so that any corporate entity carrying on banking or banking practices, regardless of its incorporation, must come in under the umbrella of the Bank Act and be subject to the control of the Bank Act and the inspections of the Inspector General of Banks.

To me the matter is very simple; but the government has not faced up to this. The government has said that it now recognizes, for some political reason—and it can be attributed only to political reasons and not to legal or financial control reasons—that the provinces now will be allowed to have something to say with regard to banking and banking practices. The provincially incorporated institutions carrying on banking practices will have the right to adhere voluntarily to this scheme of deposit insurance, provided the provinces consent. Well, this is giving a legal

right to the provinces in a field in which the constitution says they have no jurisdiction, let alone joint jurisdiction. It must be remembered that he who would assert provincial jurisdiction in this matter must show more than provincial jurisdiction. He must show that there is joint jurisdiction or that there is no exclusive jurisdiction on the part of the federal government.

With all respect for those who may assert this for their own reasons, and perhaps as a bargaining position, I cannot agree with them in view of my reading of the B.N.A. Act. Therefore I submit that I object to the scheme of deposit insurance as a cure for the ills that are presently existent in, shall we say, the financial institutions picture in this country. There is the ancillary problem of proper supervision of finance companies. That is a horse of an entirely different colour. Also there is the question of the control of securities operations. This is another matter, and it is not cured by the deposit insurance because finance companies who do not take deposits do not come in under deposit insurance, and therefore can go broke at the rate of one a week, and there will be no help for anyone under the type of insurance program that is proposed by the government. Therefore, and for a third reason, I say that I object to the program of deposit insurance because it is not needed by those people who are going to be compulsorily involved.

The chartered banks will be the milch cows of this scheme. They certainly have by far the greatest volume of deposits and they will be required by law to submit to the inspections to which they already are subject. They will have to pay the premium and this will be passed on of course to their customers. It is the poor old public which is paying for nothing in this particular instance. Why? To create a scheme to which other people will adhere.

Mr. Fulton: It is hoped.

• (4:40 p.m.)

Mr. Lambert: Yes; as the hon. member for Kamloops said it is hoped that the public might be more receptive to dealing with near-banks if their deposits are guaranteed. On the one hand the government in its amendments to the Bank Act says it wants the banks to be more competitive, and on the other hand, with this deposit insurance scheme the government is bolstering up the banks' competitors; therefore it is not making the banks more competitive.

[Mr. Lambert.]

Mr. Sharp: No; it is making the whole system more competitive.

Mr. Lambert: The minister says it is making the whole system more competitive. In my province, for instance—and I am sure the minister has received this answer from the treasury of the province of Alberta—it is deemed that the treasury branches of that province will not fit into this scheme because they are mere emanations of the treasury of the province and are therefore not near-banks, incorporated trust companies or what have you. In so far as the banks of the province of Alberta are concerned, it is the treasury branches, with some of their operations—and I wish we could get them into the daylight where they could be examined—that are the biggest competition to the chartered banks.

The government has proposed this scheme. I wanted it to come before the committee so we could examine it. We want to know the reaction of the junior trust companies, the reaction of the bankers, to this type of scheme. I am pleased to see that included in this scheme is a provision for lender of last resort. A scheme of deposit insurance that did not have such a provision would, I think, be quite meaningless if we are going to improve the security of our financial system.

We would like to know the details in this respect, because lender of last resort provisions will present a real difficulty. There should be some penalty provided in this connection. In my estimation there should be provisions with regard to the right of take-over of an operation, the right of merging or of sale of an operation, as is available under the F.D.I.C. in the United States. I would have thought the minister could have told us a little more about the inspection provisions and the standards that the near-banks will have to meet. The minister is asking us to accept something in principle. I think that in so far as the standards of inspection that must be met is concerned, they must be those of the Inspector General of Banks and we should apply nothing less than the standards for investments under the Trust Companies Act required by the Inspector of Insurance. These are the minimum standards that we could accept.

I do not think we should ask that any near-bank applying for participation in the deposit insurance scheme should be already up to those inspection standards. After all, if they are to maintain their position of liquidity we cannot insist that they shall engage in a

fire sale of their investments. Therefore, I would think that on the basis of a certain minimum performance a near-bank could apply, be granted an initerim certificate and be allowed a period of maybe three to five years in the initial instance to bring itself up to the standards that will be set for investment levels.

I would give this example to the minister as a clear indication of what I mean. Under the Alberta Trust Companies Act it is only the first million dollars of a provincially incorporated trust company that is subject to examination by a special officer in the department of the attorney general. That is the position now; prior to that the examination was carried out by an officer in the Department of the Superintendent of Insurance. A trust company could have investments of $5 million. The legislation does not specify which is the first million dollars subject to examination, but $1 million is subject to examination and $4 million could be the most absolute garbage. Let us say that a number of these trust companies have investments, that some of them meet the requirements and others do not. Give them the chance under an interim certificate and continuing inspection to bring themselves up to the standards laid down. Then possibly a great many more of these institutions will be brought into the fold.

The last point I should like to make at this time, since I feel we should see the bill at the first opportunity, is that even the smallest trust companies should have available the opportunities of a deposit insurance scheme. It should not be left merely to the big fellows or the bigger fellows in the field. After all, a person who has $10,000 of deposits in "X" company—a small trust company—is just as worthy of protection as the person who has $10,000 of deposits in "Y" trust company—a much larger corporation.

I have one more point, Mr. Chairman. The minister has not indicated in his remarks the relationship of this scheme to provincial schemes. We have read in the press that a scheme may be proposed by the province of Quebec. Has the province of Quebec agreed that it will allow its institutions to participate in this particular scheme? After all, it must be remembered that such major trust companies as the Montreal Trust Company and the Royal Trust Company are Quebec incorporated. They are among the biggest operators in the field. They are not federally incorporated trust companies. What will be the relationship of this scheme to companies of that nature? Will it be within the ambit of a proposed Quebec scheme to apply only to the deposits of those companies within the borders of that province, and the remaining operations all across Canada of those two companies will come under the federal scheme?

These are questions to which answers must be furnished by the minister. From what we have read in the press, I think we will get into a ludicrous situation, one that furnishes me with one more objection to the general proposal. If one province asserts and is given the right to set up its own deposit insurance scheme, surely it has no greater right than any other province to do the same thing. The net result would be that theoretically we could have 10 deposit insurance corporations in the country.

An hon. Member: Eleven.

Mr. Lambert: Yes, 11; we could initiate one in Yellowknife and the Yukon.

Mr. Sharp: All the federal trust companies, all the banks.

Mr. Lambert: Yes; it would be a terrible mix-up. Therefore I come back to my original premise, namely that the government should have the courage of its convictions in this regard. I am sure that if the minister had been allowed by the government to which he belongs to really be courageous enough to define banking as it should be defined in the Bank Act, everybody would be brought in and it would not cause any great confusion. In that event, there might be a lawsuit brought by a trust company in some province, but that would not invalidate all the provisions of the Bank Act. If someone had the determination to take the matter to the top legal authority, we would get a legal definition. I am sure, on the basis of my own research in this regard and the advice I have received, that the federal government has complete and exclusive authority over banking and banking practices in this country. I hope the minister is able to answer the questions I have raised. We will certainly be interested in seeing this bill.

• (4:50 p.m.)

Mr. Brewin: Mr. Chairman, I want to say at the outset that we are not opposed to the principle of the insuring of deposits, the principle that presumably is embodied in this bill. We think that the legislation as outlined by the minister is seriously inadequate in several particulars. In our view the deposit insurance has shown to be valuable where it has been

adopted, that is, as far as I know, chiefly in the United States of America. It is a form of protection to the small depositors, and it is a worth-while step to take not only to protect the small depositors but to give confidence to those who are dealing with our financial institutions. However, two things are essential in such legislation: first, that the deposit insurance must be accompanied by adequate regulation and inspection. Without it deposit insurance would be little more than an invitation to people to exploit the insurance fund, to carelessness and to abuse. I did hear the minister saying in his opening remarks that those who are under the act would be subject to inspection. If this is so we want to make sure that the inspection staff is adequate and that there is not only inspection but the laying down of standards and regulations so that the inspection may be worth while.

The second essential in addition to regulation and inspection—and this is clearly deficient in the proposed legislation—is that the legislation should be compulsory in respect of all banking institutions whether or not provincially incorporated.

Mr. Sharp: It will be.

Mr. Brewin: I heard the minister say, and I presume I did not mishear him, that this legislation was to be compulsory for banks and federally incorporated trust and loan companies, but that it was to be voluntary for provincially incorporated companies. Not only was it to be voluntary for them, the legislation was not to be applied to them; they could not even come in without the consent of various provincial governments. As the hon. member for Edmonton West said, a veto of the provincial governments has no constitutional validity whatever and is totally wrong in principle and, as I am trying to point out, is wrong in practice.

The matter was very well put in an editorial—which I presume the minister has read—in this morning's *Globe and Mail* under the title "The Insurance Essentials". I want to put this on the record because I cannot put it any better. It reads:

> So deposit insurance there is to be. But will it be available to any trust or loan company that is prepared to pay the premiums? Or will a condition of coverage be that the company agrees to meet federal standards, file reports as required by the federal authority, and submit to federal inspection?
>
> Mr. Sharp has not said. Yet without these conditions deposit insurance could be worse than useless. Worse, because it would not ensure that trust and loan companies conducted their business in an honest and competent fashion, but only that if they did not their fellow premium payers and the government—that is to say, the people of Canada—would replace any losses suffered by their depositors. It would be an invitation to crooks and incompetents to play fast and loose with the funds entrusted to them, in the knowledge that if things went awry somebody else would pick up the bill.

The editorial goes on to refer to what was said by the minister's predecessor in his book "A choice for Canada"—

> —that the institutions in question subject themselves to federal inspection and meet all the requirements of the federal regulatory authorities.

The editorial then points out that in the United States deposit insurance works, not because it covers losses but because constant inspection has prevented losses. It goes on to say:

> On five recent occasions U.S. federal inspectors have been able to move so early and so swiftly to control dangerous situations that no loss has been suffered.

Mr. Sharp: May I ask the hon. gentleman a question? I also read that editorial this morning. Does he not agree that it would have been improper for me to have indicated the nature of the inspection outside the house before I did so in the house?

Mr. Brewin: Yes, I dare say, but I do not believe the minister has yet indicated in this house, certainly not in any detail, the measures of inspection proposed. I heard him say that those who came under the fund would be subject to inspection but I did not hear him say that they would be subject to federal regulation, and I do not know the extent of the inspection. I hope he will answer that question later in this debate with a good deal more clarity than he has to date.

I now wish to come to the main point, which is that the government has constitutional authority and, I suggest, constitutional responsibility to deal with the protection of investors in companies that are carrying on banking operations. Is there any doubt in the world that provincial trust and loan corporations are in fact carrying on banking operations? I think it is perfectly obvious that in fact any company which receives deposits, and undertakes the obligation of paying those deposits to a depositor is in fact carrying on a banking operation. If those people who are undertaking this banking operation can do so on a voluntary basis so that they may come in if they choose, or if the province in which they have to be incorporated permits them to come in, the very people who ought to be controlled will be exempted from the control

and the deposit insurance which is essential for the protection of depositors.

This principle was clearly and well enunciated in the report of the Royal Commission on Banking and Finance of 1964, known as the Porter Commission. This commission set out its proposal which was that the so-called near-banks—I do not like this expression —those who were undertaking banking operations, should fall within federal regulations. I think this was the basis of the commission's recommendation and report. At page 363 the commission said the following:

> However, our view is that it should be less arbitrary than the present legislation, which applies only to 10 named institutions, and should encompass all financial institutions issuing demand liabilities, transferable and short-term deposits, and other short-term banking claims (subject to limited exceptions to be specified later). It would thus include the present chartered and savings banks, many trust and loan companies, some other deposit-taking institutions and such sales finance companies as issue banking claims not exempted by the legislation.

Farther down the page it goes on to say:

> An alternative approach would be to make federal regulation voluntary while offering inducements to institutions to submit themselves. Unfortunately, however, those few institutions which are now virtually unregulated are precisely the ones which are likely to remain outside the regulatory framework. In fact, the inducements of coming under good regulation and of using the name "bank"—

—this last clause does not apply to what we are discussing—

> —are probably not strong enough to lead all banking institutions to accept federal charters or licences. Many such institutions are already free to undertake most phases of banking business, in addition to some business from which the banks are excluded. They do not feel the need of central bank borrowing privileges because the chartered banks have served them effectively as lenders of last resort; they are unlikely to be attracted by the offer of a federal deposit insurance scheme because most of them believe they do not need it, while those for whom it might in fact be desirable are quite likely to have their own reasons for refusing it and the regulation it would entail; improved or cheaper clearing arrangements for their deposit accounts might tempt some institutions, but most would no doubt continue to be able to come to terms with chartered banks for this service. Thus while there is some attraction in a voluntary approach it is not likely to improve the present unsatisfactory state of affairs.

This dealt with banking, but as the passage indicates, it applies directly to the legislation on deposit insurance. If you are making it voluntary, the people who do not use it may be the people whose deposits ought to be insured and who ought to be regulated. They may be the ones who will step away from it. I say to the minister he has the power to regulate all those who carry on these banking operations.

• (5:00 p.m.)

Now, the hon. member for Edmonton West has expressed his views on the constitutional issue, and I venture to do the same thing. Although the question of what is included in the word "banking" under head 15, section 91, of the British North America Act is a very large question which I could not attempt to answer, because the courts have not yet given any final answer to that question, I say there is little doubt that an institution that has deposits which can be insured under this legislation, these loan and trust corporations, whether incorporated in a province or by the federal authority, are quite clearly carrying on banking operations. I feel that the federal responsibility for dealing with them is clearly set out in the British North America Act. If the provinces claim jurisdiction and say they have the right to incorporate these companies, they have the right to give them certain functions, then I say the moment they carry on banking arrangements, honouring cheques and so on, they bring themselves within federal jurisdiction. The moment they do that, then I suggest that in the interest of depositors, in the interests of the protection of our financial institutions, this parliament should not shelter behind constitutional arguments.

Supposing the minister is advised by less forthright and more timid lawyers that the law is not clear, then I suggest it would be quite easy to draft this bill in two parts. One part would apply clearly to banks and financial institutions incorporated federally and the other would apply to those trust and loan companies provincially incorporated. If anybody had any doubt about the validity of the second part, then that part could be referred to the Supreme Court of Canada, which exists for this very purpose, for an opinion as to its constitutional validity. The court would have the obligation of saying whether or not this legislation was intra vires. I would have very little doubt that the legislation would be ruled to be intra vires. If I turned out to be wrong, then the only recourse would be to go to the provinces and say: We want you to join with us in making regulations and insurance of these deposit institutions obligatory. Let us not take refuge in half-hearted legislation in that it is compulsory for some and voluntary for others. In my submission, this is no way to deal with something that is supposed to be for the protection and benefit of the ordinary investors of this country.

In conclusion, Mr. Chairman, may I say that I urge the minister to reconsider whether or not it is possible to boldly proceed to make the terms of this measure compulsory with regard to all institutions which are banking institutions, in the sense that they accept deposits and undertake to honour those deposits. I know there is a need for speed in this matter and one does not want constitutional trouble to overtake the legislation, but if the minister receives advice different from the advice given by the hon. member for Edmonton West and myself, then I suggest that the legislation be so drafted that any part, the constitutionality of which is in doubt, could be promptly referred to the Supreme Court of Canada for an opinion.

I believe, Mr. Chairman, we would be doing less than our duty to those whom we are bound constitutionally to protect, if we were to shelter behind some—I was going to say phony but perhaps that is the wrong word in this context—false or imagined constitutional limitation. If this sort of change is made, I think it should meet the situation and I have no doubt that the legislation will receive the support of all the members of my party.

Mr. Langlois (Mégantic): Following the remarks of the two previous speakers, Mr. Chairman, I wish to add a few remarks of my own and perhaps a few criticisms which I hope the minister will consider. At the outset, I should like to tell the minister that so far as the principle of deposit insurance is concerned, I believe it is rather difficult to speak against it. However, we have talked about this scheme and we do not know what the reactions are of the people directly involved in the financial field. I believe the minister has indicated his willingness to refer the bill to the standing committee on finance and economic affairs. If this is the situation, then a lot of the problems or questions in the minds of members might be clarified at that time. I think it would be a wise move. Since we are discussing finance, whether it be insurance on deposits or whether it be banking, I think the matter should be discussed thoroughly by members at their leisure and to the satisfaction of those who are to be regulated. Those engaged in the financial field could give their views and make their criticisms of the proposed measure.

• (5:10 p.m.)

At the outset, I may say that I believe our group is in favour of the principle of this measure. I may remind the minister, however, that we have already adopted the principle of deposit insurance so far as the chartered banks are concerned. This insurance is the federal government itself. The federal government should have entire control in the financial field. If the federal government has given away this control, it would be quite interesting to know who has it and when it was given away. In so far as deposits are concerned, we must remember that the chartered banks have 70 per cent to 80 per cent of the deposits in their financial institutions. They are controlled by reserves in the Bank of Canada, and the Bank of Canada belongs to the Canadian people; it is under the jurisdiction of the federal government. If the federal government does not follow through with its control through the Bank of Canada, then it is not doing its job for Canadian depositors. If there is any failure on the part of the Minister of Finance or the federal government in office, then the financial institutions across the country will collapse because they rely on the over-all economy. I do not give a hoot what kind of insurance we are talking about; if this scheme is to be effective we will have to follow it through.

I do not want to shoot any arrows at anybody, but we have had some collapses in the financial field which, if we look far enough, may be due to some lack of responsibility on the part of the government, especially in the recent case of Prudential Finance. Perhaps the government did not move fast enough there, we do not know. But I still maintain that the Bank of Canada is the controller of the deposits in all the chartered banks, which amount to about 80 per cent of the total deposits in Canada. That is the backbone of our financial institutions.

Doubts have been expressed about federal jurisdiction over the so-called near-banks. I for one firmly believe that any body or corporation, such as credit unions, trust companies or whatever you like to call them, which conducts financial transactions should be controlled and guided by the financial policies of the federal government.

There also seems to be some controversy as to what the British North America Act stipulates in this regard. I think one of the first steps the minister should take is to get a ruling on this from the Supreme Court of Canada. This wold prevent any hiding behind smokescreens, one person saying it is the responsibility of the provincial government and another saying no, it is the responsibility of the federal government. While we are arguing about who has responsibility somebody else is being cleaned out of his savings and

deposits. This happened not too long ago and bankruptcies are taking place all the time.

If the provinces were given jurisdiction under the B.N.A. Act over some aspects of finance, then I believe it would be the responsibility of the federal government to make sure that that jurisdiction was maintained. Otherwise we would run into trouble in many respects. But as I say, I for one believe that any body which conducts financial transactions on the scale of the big corporations across the country should be regulated and inspected under federal law.

The hon. member for Edmonton West and the other hon. member who preceded me indicated that some of these corporations will be free to enter into this scheme and will be made subject to federal regulations and sanctions, if there are any, or to any other restrictions that might be deemed necessary. I firmly believe that regulations should be imposed across the board. All bodies in the financial field should be made to follow the same laws and be made subject to the same inspections. If a man has an automobile he must comply with the licensing laws and have a plate at the back of his car. There must be some sort of regulation in matters of this kind.

Financial institutions which do not want to come under federal jurisdiction and regulations may have very specific reasons. We do not know what they may be. They may be good and they may not; we are not in a position to know. Had there been some control in the case of the last bankruptcy which occurred, perhaps it could have been prevented and the shareholders or depositors would not have lost everything they invested.

The implementation of this scheme may involve some extra cost to the banks, depending on how it is operated and how this insurance is applied. As far as I am concerned, every service one receives should be paid for. I believe the scheme should include both large and small corporations. I firmly believe, as does the hon. member for Edmonton West, that the man with $100 to invest should be treated in the same way as a man with $10,000. The Canadian public in the long run will probably pay anyway.

If after examination the scheme is found to be unfeasible, the government can always discard it. If amendments require to be brought in after the minister presents the bill, this can be done. The minister did not give us too much elaboration today, although he did give some guide lines, if I may call them that. But we do not know the over-all effects of this scheme.

I submit that the government or the minister will have to decide at some time or other who is who in the financial field, what comes under the federal government and what should be left to the provinces. The hon. member for Edmonton West indicated that two of the biggest trust companies in Canada today, the Montreal Trust and the Royal Trust, are both provincially incorporated. I did not verify this myself, but I think that is so. But any federally chartered company is made subject to federal regulations before it is permitted to operate. They are told what they can and cannot do.

• (5:20 p.m.)

As I say, Mr. Chairman, we must be given some clear-cut statement from the court as to responsibility in this matter. I think this would prevent a lot of speculating and upsetting of the apple cart now and then in financial circles. I only hope in its over-all effects this scheme is not going to permit the bigger companies to become bigger and keep the smaller companies smaller, instead of protecting those who have a right to come within the scheme. After all, it is the shareholders or depositors we are worried about. If the government intends to take steps to protect depositors, it should protect all depositors. I am sure what is good for one corporation is good for another, otherwise there would be something strange about this depositors insurance measure.

The only way to get a clear picture in this matter, I think, would be to submit this bill after first reading to the standing committee on finance, trade and economic affairs. The members of the committee might clear the air in certain respects and obtain opinions from those engaged in the financial field. I am sure the minister would attend such a committee, where he might be asked for and have to give more detailed explanations than he has given in the house, on the over-all effect of the bill. That way we might obtain a bill which would protect all the depositors of this country.

The first concern of governments is to safeguard their economies and financial institutions. If the financial institutions or financial policies of this country collapse, then everything collapses, because finance is the blood of our economy. It is up to us to ensure that we protect all sections of financial fields, depositors as well as others, to foster confidence, for the over-all benefit of the Canadian economy.

Canada Deposit Insurance Corp.

Mr. Thompson: Mr. Chairman, on the basis that this resolution introduces a bill to give insurance covering deposits in trust and loan companies, I believe it is good. What concerns me is this: The banks and larger trust companies, which are probably less in need than anybody of this insurance, will be the ones basically to participate in this measure. Many of the smaller companies, particularly provincial companies outside the legislation, will not be able to provide for their depositors—and in some cases will not want to—the coverage this legislation provides.

In principle the legislation is sound. In the United States, where similar legislation has been in effect for many years, it has worked soundly and has protected depositors of smaller banks and near-bank institutions.

The satisfactory functioning of the banking system to a great degree depends on public confidence. That this legislation will further strengthen public confidence is good. Let not this house and let not the government forget its responsibility to the public in providing proper controls on the one hand and adequate policies on the other, with respect to the deposits presently held in banking institutions and savings accounts in Canada.

It might be well to look at the most recent statistical summary of the Bank of Canada, issued for December, 1966. On page 120 of this statistical summary we are told that the personal savings of Canadians, in savings accounts in Canada at the present time, total $10,187 million, the highest rate of savings per capita of any nation in the world.

On the basis that these deposits are deposit liabilities on the part of institutions holding the deposits, and according to the evidence of the various governors of the Bank of Canada—and I think basically of what Mr. Graham Towers said a few years ago, that this bank cannot lend its depositors' money—I find it very interesting on turning to page 814 of this document to find that the total assets, including notes in circulation at the present time, of the Bank of Canada total $3,974.5 million. This means that should the depositors of those institutions accepting deposits from the public together at any one time go to the institutions and demand their deposits, those institutions would find it impossible to give them their money.

While we talk of insurance to protect the depositor, particularly the small depositor, and while we recognize that this type of insurance principle is sound, let us understand clearly how our financial system works. It is

[Mr. Langlois (Mégantic).]

impossible to provide the total insurance necessary to protect all depositors in Canada, should any emergency arise when all demand their deposits back.

In this regard it is imperative that the federal government formulate financial policies which will retain the confidence of the Canadian people in their financial institutions, to make sure that the financial system, particularly that centred around the Bank of Canada, functions adequately, and to give Canada the kind of monetary policy which will enable the monetary system to do what it was intended to do in the first place, distribute the goods and services the economy is able to produce.

I do not follow all questions raised by previous speakers who dealt with the constitutional validity of the proposed legislation. Some alleged that this legislation is non constitutional as it relates to financial institutions with federal charters. I cannot accept that. It seems to me that any company having a federal charter comes under the direct responsibility of the federal government. We realize what may happen to provincial institutions—and some of them are very large institutions already—which are provincially incorporated.

I suggest that not only must this legislation be referred to the standing committee, but it must also be referred to the provincial governments, and to those companies in the financial field, so that there may be full consultation and advice. I can see one thing happening, Mr. Chairman. Many of the provincial companies which are sound and reliable, with good reputations, wanting to assure the public of their stable operations, will as the result of this legislation, should it come into effect, seek federal incorporation. This will be good.

During the past week, and certainly since the deposit insurance legislation has been rumoured, several respectable and reliable provincial trust companies have said that they will seek federal incorporation to come under this legislation. I trust the minister is prepared to encourage and facilitate that type of action. This is the kind of reaction I hope would come from this legislation.

• (5:30 p.m.)

The legislation does not necessarily give adequate protection to companies who feel they do not need, or do not want, the protection which it will provide; and unless the government is able to extend protection to all types of institutions it seems to me that the entire picture as it is related to near-banks, in

particular, will become confused. It is imperative that the fullest possible consultation should take place with the provincial governments, who at this time are responsible for the incorporation of many of the institutions operating within the provinces in the field of deposit-acceptance, and that there must also be consultation with the institutions themselves.

At this stage, as far as the resolution is concerned, I feel we can give our support to the legislation while reserving the right to comment in detail on those aspects which I, and others, have raised. We shall await the bill with anticipation. But as we formulate laws designed to control financial institutions, and as the government formulates policy designed not only to direct those institutions but to direct the whole economy, it is imperative that we should understand the basis upon which the banking system operates and appreciate our responsibility for ensuring that the laws we pass and the policy we lay down are such as to enable the system to operate for the good of the Canadian people.

Production has no other purpose than distribution, and it is the responsibility of our federal banking system to facilitate this process of distribution while at the same time affording the necessary opportunity for saving, and making provision for the security of those who make funds available to be held in trust.

Mr. Fulton: I realize it is probably the desire to pass this resolution tonight, and therefore I shall speak only briefly.

In addition to supporting most strongly what has been said by my hon. friend from Edmonton West, the hon. member for Greenwood and others, I wish to raise one other matter for the consideration of the minister. To deal briefly with what hon. members preceding me have said, I wish to add my objection to the idea that in this legislation not only is there a question as to whether it is right to suggest that the federal government does not have jurisdiction, but I think it is extremely wrong in principle, if we are to proceed in this way and make this scheme voluntary as though we were not certain we had jurisdiction, to say that adherence to it on the part of the trust and loan companies can only become effective if the provinces consent—that is to say, in the case of corporations or financial institutions which are incorporated provincially.

Surely this is a very wrong thing to do in principle, because not only does it raise the question of whether we have the right to legislate directly and, as it were, compulsorily in this field but it seems to me to go further and say we have not the right even to enter into the field unless the provinces consent. This is entirely unacceptable. I suggest to the minister that he should consider seriously amending this legislation. If he does not think he can go further than a voluntary scheme, leave it voluntary, but remove the provision which would require provincial consent in the case of provincially incorporated companies.

The other point with which I should like to deal particularly concerns the interesting statement which the minister made that the Deposit Insurance Corporation will also act as a lender of last resort. I think this is a valuable part of the scheme and I urge the minister strongly to carry the idea one step further. By way of background to my suggestion I should like to say that this whole discussion arises out of the recognition that there is insufficient control and inspection of large numbers of institutions operating in the financial field and this bill, whether it is an adequate device or not, is, nevertheless, a device for attracting, as it were, under the umbrella of federal control and inspection financial institutions in the deposit-taking field which are not under that control and inspection at the moment.

The minister has reservations about his power to compel them to come in, so he is trying to attract them in. Leaving aside my criticism that he is challenging the authority of the federal government by saying they can only come in if the province consents, the idea is a sound one and I am sure it has support in all parts of the house. We recognize that control is desirable and, indeed, essential in the financial field, and certainly the events of the past twelve months or so have demonstrated beyond doubt the need for a greater degree of inspection and control over these institutions. Nevertheless the deposit insurance scheme will not in fact cover one very important segment of these institutions, that is, the finance and loan companies which are not in the business of taking deposits. These unfortunately, are the type of company with respect to which the failures have occurred in the last 12 months, failures which have caused such great concern, not just because of the amount of the losses or of the defalcations involved in two particular instances—although, of course, concern is felt in respect of the loss by the noteholders—but also a very real concern as to how many more of these failures

the financial system of Canada can stand without a real crisis being engendered. I venture to suggest that if one were to ask the majority of those in financial circles that question, they would answer: we cannot stand any more.

It is with this background that I come to my suggestion that we should extend this principle of a lender of last resort into the field of finance companies, thus holding out another device, another carrot as it were, to attract a further segment of the financial field beneath the unbrella of federal regulation and control.

• (5:40 p.m.)

As a result of discussions with representatives of this type of company, I understand that even well established and reputable companies, with conservative type business administration, can find themselves in serious difficulties in times of tight money because they rely to a great extent upon lines of credit established with the chartered banks. They of course must have a balance of long and short-term obligations on their own part. In other words on their credit side their obligations are of medium or longer term nature, but they themselves raise their funds by issuing short-term paper. Even those that are conservatively administered have this problem of business management not to let the two get too far out of balance. They rely to a great extent, in the event of an emergency, on being able to go to a bank and call on the line of credit they have established, and they always carry on their financial operations within that limit.

However, I am informed that in times of tight money they have had the experience of going to their banks, hoping to draw on their line of credit, only to be told, "I am sorry. Haven't you heard? Money is tight and the full line is not available." In such a case they naturally find themselves in serious difficulties. Therefore I think it would be a prudent assistance to extend to these institutions some such device as a lender of last resort, so that if they found themselves in this kind of difficulty they would have an organization to which they could turn, although at some expense. It is not something they would do every day without regard to the consequences, but it would tide them over the period of difficulty.

I suggest that this lender of last resort should be a federal government agency, and as a condition of having access to this lender of last resort once again a regulatory and control scheme could be set up. On the basis of conversations I have had with reputable organizations in this finance and lending business, I am satisfied that they would be quite prepared to accept, as a price of having access to a lender of last resort, the obligation to submit to federal control and regulation.

I also suggest that if this were done we would have made a very important start on, if you like, resolidifying under federal control and jurisdiction the important segments of those institutions which are in the business of money and banking, taking deposits and lending on credit, all of which I submit are interrelated parts of the money and credit system, control of which by the federal government is an indispensable prerequisite to a sound finance system in Canada.

By the review now being undertaken of the Bank Act and the important amendments being made, and by this device of deposit insurance which we are now considering, one aspect of which is a lender of last resort available to deposit taking institutions, and by extending the principle of lender of last resort to loan and finance companies, we would take an important and essential step in this field, a step which is essential because of the disturbing developments that have taken place within the past 12 months.

In conclusion, Mr. Chairman, I wish to support the request made by the hon. member for Edmonton West that the bill be referred to the standing committee on finance, trade and economic affairs. If that committee is to do a thorough job it must have the opportunity to study this bill, not only its implications with respect to the Bank Act but with respect to the whole field of the federal control of money and credit. The relationship between the two is intricate and inescapable, and the committee should have the opportunity to study the bill and get the opinion of representatives of the bankers association, and of others in the finance field.

Such a step would not in the slightest delay our consideration of the Bank Act amendments. Indeed, without the committee having access to this bill, studying it and hearing evidence upon it, I suggest our consideration of the Bank Act itself would be delayed because we would be operating in a vacuum. We have to ask about this thing anyway. The bill is now ready and I am satisfied that sending it to the committee would accelerate our consideration in that committee, and certainly make it more meaningful.

In the standing committee we would also have an opportunity for further consideration of the proposal I have made with regard to a lender of last resort available to finance and loan companies. Only by sending the bill to that committee could we enable the committee to do the job which parliament is so interested in seeing done, namely to restore firmly to the unbrella of federal control and inspection all aspects of monetary and fiscal policies.

[*Translation*]

Mr. Allard: Mr. Chairman, I wish to make a few remarks on the resolution before us this afternoon.

That resolution includes three proposals. First:

—to establish the Canada Deposit Insurance Corporation with an authorized capital of ten million dollars to be subscribed for by the Minister of Finance and paid out of the Consolidated Revenue Fund at such time as the corporation may require—

Second:

—to authorize the minister to make loans to the said corporation the aggregate outstanding amounts of which shall not at any time exceed five hundred million dollars—

Third:

—and to provide further for the employment of staff and for other matters consequential upon or incidental to any of the foregoing.

In his statement, the hon. minister was not too generous with his explanations or with his projections. On the whole, he said it was a bill to ensure the security of the small depositors' savings, to increase the powers of the lending institutions and to bring the member institutions under inspection.

It should be remembered, Mr. Chairman, that the subject matter of this resolution does not involve only financial consequences; also involved are economic and social implications. Some financial institutions located in certain provinces, such as the trust companies, for instance, accumulate sums of money, reserves and deposits and such sums are used in the economic and social development of the province, in accordance with its particular and regional character.

That is why, to date, having heard some hon. members discuss the question the hon. minister realizes that his bill is the cause of grave concern and raises tremendous questions.

I believe that the field of deposit insurance is a provincial field, according to the letter and the spirit of the Canadian constitution and the introduction of such a bill, to my mind, is another instance of interference by the central government in the field of insurance and trust companies. It is another way of repeating what has been going on in the field of insurance since 1930.

I was listening a few moments ago to the hon. member for Red Deer (Mr. Thompson) who said that provincial companies may, if they wish, come under this federal legislation and that is precisely the point: they would have to submit to an unacceptable inspection, as the Minister of Finance mentioned, by the way, in his very brief statement.

The hon. member for Red Deer also pointed out that the provincially chartered companies could, of course, extend their powers and their field of operation by applying for federal charters.

Well, that is exactly what happened in the insurance field, and the creation of deposit insurance by the federal government under the present circumstances—as pointed out by the hon. member for Kamloops (Mr. Fulton) without consulting explicitly and directly the provincial governments about it—represents in the insurance and deposit insurance field an attraction which is harmful to the provincial governments and the trust companies which operate under a provincial charter.

From time to time, the matter of uniformity will be brought up. That argument is used here rightly and wrongly, so that it no longer means anything, or if it means all that everyone wants it to mean, Canadian federalism and the Canadian constitution no longer mean anything nor the sharing of responsibilities and powers. If, under the pretext of uniformity, the central government must interfere in all fields, set up standards and compulsory audits in a financial field such as this one, prejudices will result.

A wonderful degree of co-ordination can be achieved without bringing up, throughout Canada, that argument of uniformity. It happened in other fields and I will give you only one example: the pension plan that the federal government set up under national legislation and that the province of Quebec, in turn, adopted but by drafting its own legislation in such a way as to ensure some co-ordination and uniformity in the federative sense and not in the unilateral sense, something which this parliament has been trying so hard to apply in the last few years.

• (5:50 p.m.)

Mr. Chairman, hon. members and parliament are aware that the province of Quebec is now considering the advisability of

introducing legislation to set up a deposit insurance scheme. A committee under the chairmanship of Mr. Jacques Pariseau, the talented economist, has been studying financial institutions since December, 1965.

The provincial inquiry deals with legislation governing trust companies, savings and credit unions, mortgage, personal and industrial loan companies, and other similar institutions.

I am referring here to financial institutions or near-banks which are to be found in all provinces. Certain organizations in Canada are deeply worried about bills like the one introduced this afternoon by the hon. Minister of Finance (Mr. Sharp).

I wish to point out briefly that the National Trust Corporation objects to the establishment by the federal government of a deposit insurance scheme because the corporation believes this is an exclusively provincial field of jurisdiction.

The Canadian Trust Companies Association, of which Mr. Marcel Faribault is president, says that this type of precedure in the field of deposit insurance constitutes, for the federal government, a perpetuation, a repetition and a continuation of what has been going on in the insurance field since 1930.

The president of the Provincial Bank of Canada, Mr. Ubald Boyer, claims that a financial enterprise under provincial charter would not accept, or would be reluctant to accept, a federal inspection.

I conclude, Mr. Chairman, by asking the Minister of Finance this: In order to avoid further tensions, further difficulties between the central government and the provinces of Canada, will he delay the preparation and introduction of his proposed bill until such time as a working committee in the province of Quebec, and possibly in other provinces, has studied the matter, informally and officially. Let him wait for the results of that report which is to be published within the next few months. I would also ask him to consult the provincial ministers of finance and meet them in a true spirit of federalism, and not to always proceed unilaterally and then confront them with a *fait accompli*. I ask him to bring into being a truly co-operative federalism between the various levels of government which exercise the authority in our country.

Obviously, the co-operation of the provinces is essential and advantageous to all depositors, to all Canadians, to all provincial and federal governments.

[Mr. Allard.]

Some hon. members spoke a while ago of submitting the matter to the Supreme Court, but it is not really the appropriate court to rule on the allocation of authority and responsibilities in Canada.

Before 1949, the privy council in London had that authority under our constitution, but since then, our federative political system has been deprived of an adequate and acceptable constitutional court to which the constituent parts of this country, of this political system —both the provincial and the central governments—could appoint members and expect fair and balanced judgments. We are still in a vicious circle.

The present government is postponing constitutional reforms. It is delaying the establishment of basic organizations which could precisely settle the disputes and problems and urge on Canada toward real progress. In my opinion, the government should lose no time in preparing the way for discussions, in this house and with provincial representatives, about the establishment of a constitutional court where such a problem could precisely be settled in all fairness and equity.

[*English*]

The Chairman: Shall the resolution carry?

Mr. Lambert: Mr. Chairman, I wonder whether the minister could give us some answer as to whether or not the government has decided that this bill, or the subject matter of it, will be referred to the committee. If the answer is in the affirmative, that the subject matter will be referred to the committee or that it should have to await second reading, then we of the opposition are quite prepared to adopt the resolution at this time so that we can see the bill.

Mr. Sharp: Mr. Chairman, I should like to do whatever will do most to promote consideration of the legislation, which I consider very important. I should have preferred to let this bill be published and examined by the public at large before any debate or any consideration anywhere, either in committee or in the house. Therefore I would like to have the bill published.

I can say at least that when the bill is given second reading it will be referred to the committee on finance, trade and economic affairs. I should like to reserve the question of whether or not the subject matter should be referred. I say this, not because I want to deny the committee any opportunity to discuss the

subject but because I believe it would be valuable to look at the bill before it is considered either in committee or in the house.

Mr. Lambert: In that regard I think we can assure the minister, because of the people who are to appear before the committee at least within the next week or 10 days, that this likely would not be discussed there. We would wait. The only possibility in this regard would be in respect of the representatives from C.U.N.A. They, however, do not appear to be covered by this legislation, so I would think that discussion with them would be academic. I would urge the minister to get his to the committee as soon as possible, because that will help expedite consideration of the Bank Act.

• (6:00 p.m.)

Mr. Sharp: Mr. Chairman, I hope hon. members opposite do realize I am trying to facilitate consideration of this legislation. Some very important principles are involved here. It had been my original intention to proceed no further than first reading. I now believe however that it would be valuable to go further if we can. Therefore I should much prefer to reserve now the question of whether we will refer the subject matter of the bill to the committee. I think it may be better, if we can, to approve the bill in principle and refer it to the committee. I can assure the committee that the government would be prepared to consider amendments; this may not be the final form of the legislation. This is one of the reasons why I have some uncertainty as to what is the best way of proceeding. I hope the committee will give the public the opportunity of seeing the bill. I can assure the opposition that I will very seriously consider both requests. If we do approve the bill in principle, it will be referred to the finance committee; that undertaking I can give. Also I will consider whether the subject matter might be referred to the committee in due course.

Mr. Lambert: Mr. Chairman, as a question to the government house leader, could he indicate if it is the government's intention to proceed to second reading, when the matter would be brought on for debate? I would not want this question to be deferred indefinitely, as we say in French, aux calendes grecques, and left hanging, because we have an objective as well as the government. I think we share the initial objective in this respect. If the bill is going to come to second reading I should like to hear from the government house leader that we would consider this matter within a week. I have some commitments after next week, and I want to be here for this bill.

Mr. McIlraith: Mr. Chairman, I do not feel justified in giving a commitment in that absolute form, bearing in mind that I have made such horrible errors on occasion in the past as to the length of time a particular measure before the house might take. However, I will give the undertaking that we will bring it forward very quickly and that I will consult with hon. members opposite as to what day we can bring it forward.

Mr. Lambert: That is fine.

Resolution reported and concurred in.

Mr. Sharp thereupon moved for leave to introduce Bill No. C-261, to establish the Canada Deposit Insurance Corporation.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, tomorrow we will be returning to consideration of the transport bill in committee of the whole house.

It being six minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, January 12, 1967

The house met at 2.30 p.m.

SIR JOHN A. MACDONALD

PROVISION OF REPRINTS OF "HANSARD" CONTAINING BIRTHDAY TRIBUTES

Mr. Speaker: A suggestion has been made that special reprints be ordered of yesterday's *Hansard* containing speeches made by hon. members relating to the birthday anniversary of Canada's first Prime Minister. If the house agrees, I will be pleased to order reprints for the convenience of hon. members.

PRIVILEGE

MR. HOWARD—SUGGESTED INCORRECT INFORMATION RESPECTING MOTION FOR PAPERS

Mr. Frank Howard (Skeena): I should like to raise a question of privilege touching some information which was given to the house yesterday in relation to my notice of motion for the production of papers No. 191 which related to correspondence between the Canadian Broadcasting Corporation and any other person, group or organization, excepting any other department or agency of government.

In dealing with this motion the Associate Minister of National Defence said, as reported on page 11664 of *Hansard*:

> I wish to inform the hon. member that there have been no correspondence, telegrams or other documents exchanged between the Canadian Broadcasting Corporation or any official thereof and any other person, group or organization relating to the application of the Canada Labour (Standards) Code or the deferment or suspension of any part thereof. Therefore I suggest to the hon. member that he might wish to withdraw his motion.

This I did. Subsequent to that, this morning, it came to my attention that there is certain correspondence, to which I should like to refer briefly. I have here a copy of a memorandum dated July 6, 1965, signed by one Guy Coderre. The address at the top of the memo is "Vice president, administration, Ottawa", of the C.B.C. and it is addressed to all the staff. The first paragraph reads as follows:

• (2:40 p.m.)

> With the introduction of the Canada Labour (Standards) Code effective July 1st, 1965, it is important that you be made aware of its implications on your conditions of employment with the C.B.C.

I have also a letter signed by one Clive B. McKee, director of industrial and talent relations of the Canadian Broadcasting Corporation, dated August 24, 1965 and addressed Mr. H. W. Sedgwick, Canadian vice president of I.A.T.S.E. While specific reference is not made in this letter to the Canada Labour (Standards) Code in those words, the second paragraph in the letter states that the corporation has applied to the Department of Labour for deferment of the act, and the implication is that that is the Canada Labour (Standards) Code.

I have another letter dated October 13, 1965 signed by Mr. C. T. Kelley, assistant director of industrial and talent relations of the Canadian Broadcasting Corporation, addressed to the same Mr. Sedgwick of I.A.T.S.E. In this letter specific reference is made to the code in the following words:

> I am now able to confirm that, effective July 1, 1965, contract employees who work on a statutory holiday will be granted another day off in lieu, in accordance with section 31 of the Canada Labour (Standards) Code.

Finally, Mr. Speaker. I have a memorandum from the Canadian Broadcasting Corporation signed by Mr. D. J. van Bommel dated December 17, 1965 referring to a legal opinion they had received stating that certain people were not employees under the Canada Labour (Standards) Code, and under the circumstances were not covered by the code.

Based upon that, Mr. Speaker, my question of privilege is that there was erroneous information given to the house yesterday. Therefore I move, seconded by the hon. member for Winnipeg North Centre (Mr. Knowles):

> That the question of the refusal to produce the documents referred to in notice of motion for production of papers No. 191 be referred to the standing committee on privileges and elections.

Mr. Speaker: Before considering the motion proposed by the hon. member for Skeena a decision would have to be made by the Chair as to whether there is here a prima facie case of privilege. I would think it might be advisable to give the minister responsible, who is not in the house this afternoon, an opportunity to study these representations

and comments which have just been made by the hon. member for Skeena, and that the matter be allowed to stand in the meantime.

[*Translation*]

VACANCIES

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I hereby give notice, pursuant to section 10 of the House of Commons Act, that a vacancy has occurred in the representation of the House of Commons for the electoral district of Hull, in the province of Quebec, by reason of the death of Mr. Alexis Caron, the member therefor.

[*English*]

Hon. Michael Starr (Ontario): Mr. Speaker, I hereby give notice pursuant to section 10 of the House of Commons Act that a vacancy has occurred in the representation of the House of Commons for the electoral district of Sudbury, in the province of Ontario, by reason of the death of Mr. David Rodger Mitchell, the member therefor.

THE MINISTRY

REPORTED STATEMENT BY SECRETARY OF STATE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I wish to ask the Prime Minister whether in a reported statement of the Secretary of State—certain matters were averred by her regarding the return, as it were, of the prodigal son, the hon. member for Davenport (Mr. Gordon)—she was speaking government policy when she said:

> I always thought he was the glue who made us a team...
>
> We were just a collection of individuals before he came back into the cabinet.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think I shall let the Secretary of State deal with the matter herself on her return.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: It is a sticky question. I hope the minister will be able to deal with it.

COAL

CAPE BRETON—LEGISLATION RESPECTING ASSISTANCE PROGRAM

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I ask the Prime Minister a question about the announcement he made on December 29 concerning the program for assisting the coal industry in Cape Breton. Is it the government's intention to bring down legislation dealing with the matter at the present session, or is that being left until the new session later in 1967?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we hope the negotiations will have been concluded in time to bring down legislation dealing with that part of the agreement which requires legislation. We hope that will be during this session.

Mr. Douglas: A supplementary question, Mr. Speaker. May I ask the Prime Minister if, prior to that, there will be any opportunity for the government to report on the program, or if there will be any discussion of the various proposals contained in the Prime Minister's statement of December 29.

Mr. Pearson: Mr. Speaker, I am not sure now whether there would be that opportunity, but I shall look into that point.

NATURAL GAS

ACTION OF U.S. COMMISSION RESPECTING PROPOSED PIPE LINE

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Minister of Energy, Mines and Resources. Has he any word regarding the outcome of the federal power commission hearings and the application of Trans-Canada Pipe Lines that the commission has been considering in recent weeks?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): The case is progressing interestingly. The examiner will receive written arguments—I think it is on the 17th of this month—and will then hear oral presentation on the 24th if my memory is correct. We hope this means that he will then be in a position to make a decision with respect to the future of this application.

[*Later:*]

Mr. Speaker, I did not elaborate sufficiently in my answer to the hon. member for Red Deer a moment ago, and with your permission I will add to what I said.

The federal power commission by an order of December 23 remanded the proceedings to the presiding examiner, with the direction that there be incorporated in the record the documents tabled in this house with regard to

the Great Lakes matter, and subsequently provided to the commission by Great Lakes.

The examiner, in keeping with the commission's order, has given all parties until January 17 to file any motions, requests, etc. as a preliminary to a conference on January 24 which it is hoped may result in the establishment of a timetable for whatever proceedings the examiner may, in the circumstances, find to be appropriate. My hope remains the same.

EXPO '67

REPORTED DISCRIMINATION IN HIRING PRACTICES

On the orders of the day:

Mr. Robert C. Coates (Cumberland): I have a question for the Minister of Trade and Commerce as he is the minister reporting to parliament for Expo '67. Has the minister's attention been drawn to a letter in today's Montreal *Gazette* alleging discrimination, in the hiring practices at Expo '67, against English speaking Canadians? What action has the minister taken to investigate this matter?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, my attention has just been drawn to this by the hon. member. I thank him for doing so. This is the first I have known of it. I shall take his question as notice and look into the matter.

INDUSTRY

PROVISION OF ANTI-POLLUTION EQUIPMENT ON CANADIAN CARS

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of Industry and relates to the serious problem of air pollution. Sir, once again representatives of the motor vehicle industry in Canada have stated that if there are no regulations in Canada, as in the United States, relating to clear air passages in cars, this feature will only be offered to Canadians as an extra cost option. Will the minister make representations to the motor vehicle industry and report back to the house as soon as possible on this state of affairs?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I should be glad to discuss this problem with the motor vehicle manufacturers.

Inquiries of the Ministry

THE CANADIAN ECONOMY

STEPS TO MEET TRADE DEFICIT WITH UNITED STATES

On the orders of the day:

Hon. Michael Starr (Ontario): I wish to address a question to the Minister of Trade and Commerce. In view of the report from the United States commerce department in Washington that a Canadian economic slowdown is anticipated, but that "United States exports to Canada, which rose at a phenomenal 20 per cent in the first nine months of 1966, should make further gains in 1967", will the minister advise what he intends to do to meet this ever rising trade deficit between Canada and the United States?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, the course of the Canadian economy is not determined by any report written in the United States. It is determined by significant economic factors in Canada, which point to a good year in 1967.

SPORTS

SKIING—WINNING OF CHAMPIONSHIP BY NANCY GREENE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I am sure the right hon. Prime Minister would wish to comment on the achievements of Canada's national ski team, particularly the magnificent performance of Canada's Nancy Greene, who hails from Rossland in Kootenay West and who has outclassed the world's skiing elite to win her third international ski championship in Europe during the past week. I must say, before the Prime Minister answers or comments, that I was particularly touched when they remembered their ancient backwoods member of parliament by sending him a Christmas card signed by all members of the team.

Right Hon. L. B. Pearson (Prime Minister): I am glad to deal with the question asked by the ancient, backwoods member. I am sure all members of the house have read with great pleasure of the skiing triumphs of Miss Nancy Greene.

Some hon. Members: Hear, hear.

Mr. Pearson: She is not only a great skier and a constituent of the hon. member for Kootenay West, but a fine young lady. I hope she will continue these triumphs, and that at the end of the season she will be the international champion.

Inquiries of the Ministry

LABOUR CONDITIONS

NOVA SCOTIA—TRANSFER OF COAL OPERATIONS TO CROWN CORPORATION

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): My question is for the Prime Minister. Is the right hon. gentleman in a position today to reply to questions I posed to him on Monday last with regard to the large scale lay-off of workers at the DOSCO steel plant, and a communication sent to the Prime Minister subsequently by the president of St. Francis Xavier University, Dr. Malcolm MacLellan?

Right Hon. L. B. Pearson (Prime Minister): I did get the telegram and I replied to it. I am sorry I do not have the reply at hand. I will have it with me tomorrow, and perhaps I shall be able to deal with the hon. member's question then.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): In connection with the same matter, may I ask the Prime Minister whether he received any communication from Mr. Frank MacInnis, president of the federation of farmers and businessmen of Inverness county. Whether he has or not, will he give consideration to their request that having regard to the hardships and poverty endured for years by displaced miners and their families in Inverness county, where no other opportunity for employment of any kind exists, the government, in the appointment of members of the crown corporation, will see to it that a resident of the county of Inverness is appointed as one of the directors of that corporation in order that the views of Inverness county may receive full consideration?

Mr. Pearson: I am not certain whether I have received the telegram in question. I will be glad to look into the matter and reply tomorrow. Meanwhile, as the right hon. gentleman knows, a very wide ranging program of economic and industrial development in the area is contemplated, and I am sure all the inhabitants of the area will benefit from it. As to representation on the board of the corporation as requested in the telegram, I will be glad to look into this aspect.

Mr. Donald MacInnis (Cape Breton South): My supplementary question is related to the question asked by my hon. friend from Cape Breton North and Victoria. I would ask the Prime Minister whether the negotiations about which he spoke, involving the take over

of the Dominion Coal Company for a fixed price or in accordance with whatever other arrangements might be made, could not be extended so as to take over DOSCO itself, since the Hawker-Siddeley group paid such a small price for the complex in the beginning. By taking over DOSCO and establishing a crown corporation the transfer by DOSCO of the steel operation from its present location to Quebec might be avoided. The company is using the situation as a springboard for transferring the whole operation—

Some hon. Members: Order.

Mr. MacInnis (Cape Breton South): Would the right hon. gentleman consider the purchase of DOSCO as a unit in order to maintain the steel operation where it now is, rather than provide a springboard for the transfer to Quebec?

Mr. Pearson: This is a far reaching question involving government intervention in industry, and one which I certainly do not wish to answer on the orders of the day. It is too important to deal with in this way. There will be an opportunity to discuss this whole matter before long in connection with legislation, or even earlier. This will be one of the aspects of the question that will be considered.

Mr. Muir (Cape Breton North and Victoria): Supplementary to the answer given by the Prime Minister, Mr. Speaker, he stated that there will be an opportunity for discussion in regard to negotiations, decisions, far reaching programs and so on. Am I to understand this also includes what is to be done for the Sydney steel workers at DOSCO? I assume that when he previously mentioned taking over private industry, that pertained to the coal industry. Does he mean this is going to have an effect on the steel industry also?

Mr. Pearson: Mr. Speaker, any program of industrial development will include the whole area and all industry, and any discussion of this matter would naturally include discussion of economic and industrial development generally.

Mr. T. C. Douglas (Burnaby-Coquitlam): As a supplementary question, last Monday I asked the Prime Minister if in setting up the crown corporation to deal with the coal industry he would give some thought to the steel industry, particularly if there is any continued phasing out of the steel industry in Cape Breton? He stated that this was to apply solely to the coal industry. Could we have some

assurance now that the government will give consideration to the question of the steel industry at the same time legislation is brought down to deal with the coal industry?

Mr. Pearson: Mr. Speaker, the program that I have been talking about deals primarily with the coal industry and industrial development and economic development in the area, and all factors that concern economic and industrial development will be under consideration.

Mr. MacInnis (Cape Breton South): The negotiations that the government is going to enter into will be with Dominion Coal, but will the Prime Minister keep in mind that this also concerns DOSCO and the assets of Dominion Coal? Would he review the matter to see if it would be legal for the government to take over DOSCO instead of just Dominion Coal?

Mr. Pearson: I am quite aware of the relationship between the two, Mr. Speaker.

ENERGY

REQUEST FOR REPORT ON NEGOTIATIONS WITH U.S.

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to direct a question to the Minister of Energy, Mines and Resources. Could the minister advise the house what progress is being made by the National Energy Board in negotiations with its opposite numbers in the United States government regarding the setting of progressively increasing targets for the sale of gas and oil to the United States market year by year?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Great progress, Mr. Speaker.

Mr. Hees: As a supplementary question, Mr. Speaker, could the minister give us a little more information than just the bland general answer "great progress?"

Mr. Pepin: This is a fairly general question to be dealt with on orders of the day but I might say, as the hon. member knows very well, that this is an annual rite. Each year the Canadian government presents its case in Washington; we are preparing that case now and we will be presenting it to the Americans soon.

Inquiries of the Ministry

EDUCATION

TORONTO—POSSIBLE CLOSING OF SCHOOLS FOR IMMIGRANT CHILDREN

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question for the Minister of Manpower and Immigration. Has the minister received a communication from the chairman of the Toronto board of education in relation to the possible early closing of English language schools for immigrant children? If so, has the government considered or will it consider financial assistance to prevent this closing of schools which are so important for these youngsters who have come to Canada?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I do not remember having received such a communication from the chairman of the school board. I shall check into this and possibly may be able to give an answer tomorrow.

NORTHERN AFFAIRS

REQUEST FOR STATEMENT BY MINISTER ON CARROTHERS REPORT

On the orders of the day:

Mr. R. J. Orange (Northwest Territories): Mr. Speaker, I wish to direct a question to the Minister of Indian Affairs and Northern Development. Can the minister elaborate on press reports that he will be making a statement on the Carrothers commission report some time in mid-February? If so, will this statement be made by the minister in the Territories, possibly through the medium of the C.B.C. northern service?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I do not think I can do anything at this time other than reiterate what I have already said. I hope to make an announcement with respect to the adoption of those portions of the Carrothers report which we can embrace at once, and with respect to the appointment of a new commissioner for the Northwest Territories, within a month's time. It is my hope that I will make that announcement within the Territories.

Mr. David MacDonald (Prince): Could the minister tell us whether at that time he will also designate the new capital of the Northwest Territories. This is a question I asked quite some time ago.

Mr. Laing: That decision will be announced at that time also.

Inquiries of the Ministry

[*Translation*]

ADMINISTRATION OF JUSTICE

LOUIS SICOTTE—REQUEST FOR REVIEW OF TRIALS

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, in the absence of the Minister of Justice and Attorney General, and since his parliamentary assistant does not yet seem to have been appointed, I shall direct my question to the right. hon. Prime Minister, to whom I gave notice of my question yesterday.

Are the justice department and the government in receipt of a petition signed by a certain Louis Sicotte who is seeking a review of his two trials for allegedly having been forced under duress to plead guilty and to sign a false affidavit.

Mr. Speaker: Order. It would seem that this question is of a very special nature and I believe it should more properly be entered on the order paper.

Mr. Allard: I shall bring it up at ten o'clock, Mr. Speaker.

[*English*]

BRITISH COLUMBIA—REQUEST FOR CLEMENCY FOR JAILED UNION LEADERS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I have a question for the Solicitor General. Is he considering granting additional clemency to Mr. Paddy Neal and Tom Clark, the two trade unionists who went back to jail following the Christmas period? I do not know whether you would call it a recess, but these two persons were released for the Christmas period. Would the minister consider granting additional clemency and releasing them from jail immediately?

Hon. L. T. Pennell (Solicitor General): The case involving the two gentlemen mentioned by the hon. member is under active consideration.

ROYAL CANADIAN MINT

GOLD CENTENNIAL COINS—REQUEST FOR INDIVIDUAL SALES

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a question which I had intended addressing to the Minister of Finance. In his absence, because of the nature of the question perhaps I might direct it to the right hon. Prime Minister. Would the government reconsider its decision to permitting the sale of the

$20 gold centennial pieces only in the expensive sets at a price of $40 each, and permit people to purchase them individually? I ask the question because a great many members have had requests that they be permitted to purchase them at their face value.

Right Hon. L. B. Pearson (Prime Minister): I will be glad to take the matter into consideration and discuss it with my hon. friend the Minister of Finance.

EXTERNAL AFFAIRS

INQUIRY AS TO MEETING OF CANADA-U.S. INTERPARLIAMENTARY GROUP

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question which I think I should direct either to the Prime Minister or the Secretary of State for External Affairs. I wonder if I could be informed whether there is an approximate date for the next meeting of the Canada-United States interparliamentary committee, and if so where that committee meeting will take place.

Mr. Speaker: Order, please. My understanding is that this is a question which should be directed to the Speaker. Perhaps the hon. member would wish to do so in writing. As I understand it the question concerns the Canada-United States interparliamentary group. If the hon. member will get in touch with Mr. Speaker that information will be given.

AGRICULTURE

BUTTER—IDENTIFICATION OF IMPORTS FROM NEW ZEALAND

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to address a question to the Minister of Agriculture. Now that the government has made arrangements to purchase and import 2½ million pounds of New Zealand butter, would the minister assure the house that when this butter is sold to the Canadian housewife it will be labelled in such a way as to state the country of origin? Will he also assure the house that it will in no way jeopardize the high quality of Canadian butter?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, this butter will be up to Canadian standards. I think it will be sold entirely on the west coast. The amount of butter being imported is in fact sufficient only for two days' normal consumption in Canada. In respect of the matter of labelling, I will be

glad to take that portion of my hon. friend's question as notice.

Mr. Hales: Will this butter be sold at stabilized Canadian prices?

Mr. Greene: Yes, Mr. Speaker.

Hon. Théogène Ricard (Saint-Hyacinthe-Bagot): Mr. Speaker, I should like to ask the minister whether he can give us an indication of how much more butter will be imported this year.

Mr. Greene: At the present time this is the only plan for immediate importation. If more is needed in order to protect the stability of prices and supply of the product quality for the benefit of both the consumers and the farmers, more will be imported later. To the best of my knowledge, however, this is the only plan for importation at the present time.

FISHERIES

ATLANTIC PROVINCES—PAYMENT OF SUBSIDY ON BOAT CONSTRUCTION

On the orders of the day:

Mr. Melvin McQuaid (Kings): Mr. Speaker, my question is directed to the Minister of Fisheries. Would the minister inform us how soon we may expect the government to honour its commitment and pay to the fishermen of the Atlantic provinces the subsidy promised for the construction of boats in the 35 to 45 foot class?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, all applications for subsidies in respect of either the 35 or 45 foot class are being looked into and are being paid as soon as it is determined that they meet the requirements for the subsidy payment.

LABOUR RELATIONS

INQUIRY AS TO REPORT OF TASK FORCE

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question has to do with the urgent matter of strikes under federal jurisdiction. I should like to ask the Minister of Labour whether the task force set up to make recommendations in respect of improving government-management-labour relations legislation has been given a specific date by which it is to report its findings.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, the task force was set up by the Prime Minister, but I think I can answer the question. No specific date has been set for the task force to report. The urgency of the matters referred to them has been drawn to their attention, however, with the request that they report as quickly as possible. As I said previously, I doubt whether we will have a comprehensive report for at least a year, but it may be, and I would so hope, that we will have an interim report in the meantime.

TRADE

COMMUNIST CHINA—ASSURANCE OF PAYMENT FOR WHEAT

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I have a question for the Secretary of State for External Affairs. In view of the political unrest in China at the present time has the government received a satisfactory assurance which guarantees payment for the wheat being sold to that country.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, my hon. friend will remember that this question was asked on Monday last. I do not think there is anything I can add to it.

THE MINISTRY

INQUIRY AS TO RESPONSIBILITIES OF MINISTER WITHOUT PORTFOLIO

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the statement he made on Monday may I ask whether he is ready to indicate to the house the duties which are to be assigned to the new Minister without Portfolio? In particular, can he say whether the new minister will have any responsibility relating to consumer affairs?

Right Hon. L. B. Pearson (Prime Minister): I am not in a position to add anything to what I said last Monday, which I believe was nothing.

PUBLIC WORKS

PORT CREDIT, ONT.—EXTENSION OF BOUNDARIES INTO LAKE ONTARIO

On the orders of the day:

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I have a question which I should like to address to the Minister of Transport. Inasmuch as the Ontario Municipal Board has ruled that the town of Port Credit can extend

its municipal boundary one mile into lake Ontario, and since that town has announced that it wishes to oversee the installation of water pipe lines, is the Department of Transport abdicating its authority under the Navigable Waters Protection Act in this matter, as the Department of Public Works did?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I think I would have to seek legal advice before I attempted to answer this question. I will be glad to do so.

INDIAN AFFAIRS

MARITIME PROVINCES—REPORTED STATEMENT RESPECTING CARE OF INDIANS

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is for the Minister of Indian Affairs and Northern Development. May I ask whether the minister is aware of the statement which emanated from a session of the regional advisory committee on Indian affairs in the maritimes to the effect that more concern is being shown toward animals to see that they are properly fed and sheltered than to the Indians of Canada. Would he cause an investigation to be carried out to ascertain the reason for the aforementioned statement?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Well, Mr. Speaker, words are easy; I do not know where these words originated. A very great number of things are being done at the present time to improve the situation of the Indians. A very large sum of money has been voted by the house for this purpose. I think we are making some very good progress indeed.

Mr. Muir (Cape Breton North and Victoria): In view of what the minister has said would he have an investigation carried out in the maritime provinces to ascertain the reason such a statement would come from a regional commission of this type?

Mr. Laing: Yes; I certainly will be interested in finding out who made the statement and to what he was referring.

POLLUTION

REQUEST FOR SHOWING OF FILM TO MEMBERS OF PARLIAMENT

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. It arises from an invitation I received from the secretary of the Canadian council of resource ministers to attend in Montreal the reshowing of the National Film Board's film which was shown at the pollution conference last fall.

I should like to ask the minister whether he could arrange to have this film shown on Parliament Hill so members of parliament would have an opportunity of seeing for themselves this dramatic presentation of pollution conditions and their consequences in Canada.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I will make inquiries in this regard, but let me correct the hon. member's impression. The film was not made by the National Film Board, which is a great institution; it was made by Crawley Films.

POST OFFICE DEPARTMENT

ALLEGED TAMPERING WITH MAIL BY HUDSON'S BAY COMPANY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to ask the Solicitor General whether he can make a report to the house regarding the progress of the investigation by the R.C.M. Police into the activities of the Hudson's Bay Company in tampering with the mail.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, the R.C.M.P. have interviewed some people and reports have been made and turned over to the Postmaster General. I believe he will be taking appropriate action as a result of those reports.

Mr. Howard: I have a supplementary question. I should like to ask the Postmaster General whether he cares to relate to the house what is taking place.

Hon. Jean-Pierre Côté (Postmaster General): We have not as yet received the report from the R.C.M.P., Mr. Speaker.

Mr. Knowles: It is a long way from there to there.

Mr. Howard: May I ask another supplementary question, though I do not know to whom I should direct it. Would the Prime Minister care to receive some documentary evidence I have which proves that the Hudson's Bay Company has conducted itself in a criminal way by tampering with the mail and by altering cheques?

[*Translation*]

LABOUR RELATIONS

C.N.T.U.—INQUIRY RESPECTING REPORT OF MINISTERIAL COMMITTEE

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, my question is directed to the right hon. Prime Minister.

Following the report handed to the cabinet concerning grievances raised by the C.N.T.U. ten months ago with regard to the Canada Labour Relations Board, is the right hon. Prime Minister now in a position to make the statement he promised in the house last December 21, as recorded on page 11460 of *Hansard*. I quote:

> I sincerely hope when we reassemble I will be able to make a more definitive statement.

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this matter was heard by the Canada Labour Relations Board on Monday. The decision by the chairman of that board has been reserved, and I do not think it would be proper for me to make any statement while the matter is still under consideration by that board.

CANADIAN FLAG

SUGGESTED PUBLIC HOLIDAY TO HONOUR ADOPTION

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is directed to the Prime Minister and relates to his remarks to the house during the question period on Monday regarding the possibility of special commemoration of the new flag by a new public holiday. Is the Prime Minister giving consideration to the adoption of Gordon Sinclair's suggestion that February 15 be named as a new public holiday?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this is one of the matters I have on the agenda for discussion with the Secretary of State as soon as she returns.

INQUIRY FOR RETURN

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, I do not wish to add to the agenda for that discussion, but I should like to direct a question to the Postmaster General. Now that he and his staff have successfully delivered all the Christmas and New Year's mail, would it be possible for them to arrange to deliver the subject matter of notice of motion for production of papers No. 182, which was passed by this house on November 16 of last year?

Hon. Jean-Pierre Côté (Postmaster General): I will look into that, Mr. Speaker.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Tuesday, January 10, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: Order, please. When the committee rose on Tuesday, January 10, 1967, clause 19 of the bill was about to be discussed, clauses 1, 16, 17 and 18 having been stood.

Mr. Pickersgill: Mr. Chairman, I understand that clause 17 was stood so I could give some consideration to various points which had been raised. I have now had an opportunity to give that consideration and to consult with my officials. If we could revert to clause 17 I would be very happy to communicate to the committee what I have learned.

The Chairman: Does the committee agree now to revert to clause 17?

Some hon. Members: Agreed.

On clause 17—*Committees.*

Mr. Pickersgill: Mr. Chairman, perhaps I should deal first with the point raised by the member for Edmonton-Strathcona. In doing so I must confess to the committee that I was perhaps not as familiar as I really should have been—though I am not learned in the law and have never practiced before the Board of Transport Commissioners—with the details of the procedure before that board.

It is within the powers of the board as it now exists, and will therefore be within the powers of the new commission, to review and even to rehear any case before or after it renders a decision. I understand it is also within the powers of the governor in council on appeal to ask to have a rehearing or a review. Therefore the very laudable object the hon. member for Edmonton-Strathcona had in mind is met by the law as it exists. Perhaps I should have known that, but the

fact is I did not. Apparently that deals with the first point.

The main discussion we had on clause 17 related to the question of whether there should be a larger quorum for the new kind of review, which is and will be of a somewhat more formal character than is provided in clause 17 subclause 4, because this is a new kind of subject matter which would come before this commission. It could not have come before the Board of Transport Commissioners which does not now have jurisdiction over many modes of transportation.

• (3:20 p.m.)

The hon. member for Springfield suggested that there should be a larger quorum for these hearings than would be required for the hearings of one of the committees, and the hon. member for York South raised a question which I confess quite frankly—I do not apologize for this, I just confess it—I did not understand because I am not a lawyer. However, I think I have now been sufficiently instructed to understand it. The hon. member for York South seemed to imply that because it was provided in this case that a review could not be conducted by the committee which had heard the case originally no member of that committee could sit on the review. I have had the best legal advice I could obtain on the subject and was informed that all that the provision means in law is that the particular committee could not conduct the review but that any members of the committee, even those who were at the original hearing, are not prohibited from participating in the review. They would do so not as members of the committee but as members of the commission. I was also told that it had been a long-standing practice of the Board of Transport Commissioners in its hearings and reviews and it has frequently happened that some of those who have participated in an original hearing have also participated in a review.

The hon. member for Acadia raised a point, which was also raised by the hon. member for Edmonton-Strathcona and the hon. member for Peace River, that it might be difficult to constitute an appropriate review without having some of the members of the original committee participate in the review because they would have some expertise or at any rate greater knowledge of the particular mode of transport about which the review was to be conducted. I had thought that it would not be appropriate for those persons who had heard the case in the first instance to take part in such a review. I was told that there is a distinction in law between a review and an appeal, that these reviews are not appeals and that there is not only no reason why someone who took part in the original hearing should not sit in review but that in many cases it is highly desirable that they should do so, and that this would be found to have been the practice of the board over the years. When one reflects on it I think it becomes quite apparent why this would seem to be appropriate.

I believe that this disposes of all the points except the one raised by the hon. member for Springfield. I would agree at once that in the case of a review under clause 17 subclause (4) it would certainly be necessary to have a larger number of commissioners sitting than would have sat on the original hearing. This would almost be essential, particularly as it would be desirable to have taking part in the review members of some of the other committees and particularly of the one related to the other mode of transport which was asking for the review. Therefore the only question that seems to be left of those that were raised is whether parliament should prescribe a higher quorum for such reviews than is done for the Board of Transport Commissioners at the present time.

I am told that on balance, in such reviews as have been conducted by the Board of Transport Commissioners over the years, it has always been the case that a large number of commissioners have sat than at the original hearing. In the new legislation and in the law as it now stands it is provided that the commission will have authority to set a larger quorum for any particular purpose if it wishes to do so and also that the Governor in Council can prescribe such larger quorum if he feels that the commission has not made adequate provision for such a review.

I find that this point was very carefully considered by the legal advisers of the Board of Transport Commissioners, of the Air Transport Board and the law officers of the Department of Justice, and that after they had weighed the pros and cons it was their view that the provisions in this regard, which had all been very carefully thought out, were adequate to meet all these needs. It was felt that an attempt to prescribe, in some particular circumstance, another quorum was not really necessary and that in view of the law and the practice in jurisprudence there would be no real doubt as to what would happen in fact.

In view of the desire which I think practically all hon. members have expressed to keep the commission as flexible as possible, and in view of the point that I think I made earlier, in reply to the initial observations of the hon. member for Springfield, I am sure it would be the intention of any government, even of the government of which his friends might form a part some day, to appoint responsible adults to such a commission. In view of this it was not considered really necessary, though it would not be harmful perhaps, to attempt to make more detailed prescriptions. On balance I think I am satisfied with these arguments, which I can assure hon. members are not at all political considerations as I demonstrated amply the other evening by the very considerable lack of knowledge that I displayed on that occasion. However, in view of the advice that I have been given by the draftsmen it would not appear to me and I would not feel disposed in all the circumstances, because I think I have met every one of the considerations which were raised in quite a reasonable way on the advice that I have received from quite responsible officers, to recommend that we make any further changes to clause 17.

Mr. Schreyer: I do not rise to press my suggestion further that the quorum should be increased. However, I should like the minister to clarify one small point in this connection. The bill provides that the quorum shall be as is provided in section 12 of the Railway Act. In that section the quorum is stipulated to be two, but that relates to a seven-man board. The provision now before us relates to that section of the Railway Act and applies it *mutatis mutandis*. Does this mean that the quorum of the 17-man commission shall be two or that it shall be in the ratio two-seventeenths to 17? I should like this point clarified. I thank the minister for his veiled offer to participate in a coalition government some day.

• (3:30 p.m.)

Mr. Pickersgill: Well, the offer has seven veils. I believe that the complicated and ingenious arithmetic the hon. member has suggested is the kind he and I as laymen might suggest but it would shock the learned members of the house. I believe the minimum quorum for any purpose is two. Of course, this does not alter the power of the commission to set a higher quorum for any particular purpose at any particular time it wishes to do so.

Mr. McQuaid: Do I understand the minister to mean that the Governor in Council will make a regulation requiring that the majority membership of the board of review shall consist of members who did not sit on the original hearing? If this is not the case, there is not much purpose in having a review. There should be a guarantee that the majority of members of the board of review shall be members who did not sit on the original hearing. Otherwise the board would really be reviewing its own decision. Have we the assurance there will be an order in council passed to that effect?

Mr. Pickersgill: I do not believe I said I would, but I said we could. I hope it would not be necessary. I hope the commission itself, and I think this is very much more desirable, will take care of the matter. If the Governor in Council has to do this, then I think it should be done here. I do not believe it will be necessary at all. If in any circumstances the Governor in Council comes to the conclusion that the commission is not adequately meeting the situation or is not following the practice which I am told has always been followed, then it would be competent for the Governor in Council to repair the situation.

Mr. McQuaid: Does the minister not think it would be a safeguard to write the provision into the legislation? I know we have every confidence in the men who will be appointed, but experience has shown that unless these things are written into the regulations there is a tendency to ignore them.

Mr. Pickersgill: I have already expressed the view, which is not primarily mine but which I accept, that in view of the experience in this particular situation over a long period of years it is not necessary. There might be a situation arise in which prescribed, specific rules might cause vexatious delays. In some cases the review might be of such a simple character that it could be accomplished quickly, perhaps by the addition of one person to the original two. I do not imagine that situation would likely arise, but my advice is that it would be preferable not to include any further statutory restrictions but to allow the commission to deal with situations as they arise. If it appears that the commission is not dealing adequately with such situations, there is always an appeal to the Governor in Council and the Governor in Council may, of his own motion, take the necessary remedial action. It seems to me the situation is quite thoroughly safeguarded.

Mr. Bell (Saint John-Albert): While we try to unravel what the minister said, may I ask if he has any information about the question to which I referred concerning an order? What happens to an order between the time it has been made and the time the appeal or review is under way? I ask this because during the committee hearings, as I recall, someone complained of hardship. I should like to know what the law is now and if there has been any change in this regard.

Mr. Pickersgill: There is nothing in the law now that sets aside the effect of an order while a review is being undertaken. The board has the power, if a review is required and some injury would be done by a continuation of the order, to issue a stop order. The commission would have this power too. It is felt, however, that if this were a requirement there might be vexatious demands for reviews merely to gum up the works. Experience shows that the present provision does allow the situation to be dealt with adequately. I apologize to the hon. gentleman because I had a notation on this matter but I overlooked it.

Clause agreed to.

The Chairman: Clause 19?

Mr. Pickersgill: I think we could go on with clause 18. The hon. member for Edmonton-Strathcona asked that it be allowed to stand because clause 17 had been allowed to stand.

On clause 18—*Appeal.*

Mr. Howe (Wellington-Huron): There is a reference in this clause to a licence to operate a motor vehicle. Would it be necessary for anyone applying for one of these licences to have a provincial licence?

Mr. Pickersgill: I believe you cannot operate a motor vehicle in any province in Canada without having a licence on it. There is nothing this parliament can do to change that requirement and we are not trying to change it. The reference is not to a licence to drive the vehicle but to a licence to carry on business between two provinces or between a province and a foreign country. The issuance of licences to operate vehicles is entirely a matter within provincial jurisdiction. We are not in any way purporting to deal with that. We would be dealing with a licence to permit this motor vehicle undertaking to cross provincial boundaries.

Mr. Howe (Wellington-Huron): Would it not be better to spell that out in the bill, that a person applying for a federal licence must have a provincial licence before he applies?

Mr. Pickersgill: His vehicle must be licensed or the provincial police will stop him from going along the roads.

Mr. Howe (Wellington-Huron): We know that when commercial vehicles go from one province to another they have to have a licence in each province. Will this rule still apply?

Mr. Pickersgill: I imagine there is nothing we can do about that. This would be a matter entirely within provincial jurisdiction. If the provinces require it, of course it would be up to them.

Mr. Howe (Wellington-Huron): If a commercial vehicle were travelling from Halifax to Vancouver, would it have to have nine provincial licences and a federal licence?

Mr. Pickersgill: The hon. gentleman will appreciate that is none of our business in this house. If two provinces agree they will respect each other's licence plates, as they do for pleasure cars, that is up to them. I have only an Ontario licence on my car but if I had the time I would be able to drive it in any province. I believe the provinces require some commercial vehicles to be licensed in each province, but that is entirely a provincial matter and is not dealt with in this bill.

Clause agreed to.

On clause 19—*Regulations.*

• (3:40 p.m.)

Mr. Bell (Saint John-Albert): Can I get verification of my thinking from the minister? I mention this point because the minister referred to the Governor in Council with regard to clauses 17 and 18. Do I now understand that under clause 19 and clause 35, which also has to do with regulations, the commission can set its own regulations and that it is not necessary to get the approval of the Governor in Council? Am I also correct that should the Governor in Council desire to intervene and become involved as the minister suggests, the commission probably would not take this action even if it wanted to?

Mr. Pickersgill: Yes, Mr. Chairman, the commission does have the power to make its own rules. If I am wrong in this I will get legal advice and make an abject apology to the hon. member, but I think my interpretation is correct, that if these rules seem to be unjust, vexatious or anything like that the

Governor in Council could then direct the commission to change any specific rule.

Clause agreed to.

On clause 20—*Annual report to Governor in Council.*

Mr. Andras: Mr. Chairman, at this stage of the bill I shall suggest an amendment, the effect of which will be to introduce a new clause 20 and the subsequent clauses will require to be renumbered. I hope that my explanation for this action will commend the amendment to hon. members and will receive their support.

The bill before the house defines a national transportation policy. Inherent in that policy and essential to its success is the application of the principle that each mode of transport is to compete in order that there be an economic, adequate and efficient transportation system making the best use of all available transport modes in the country.

Many representations have been made about Bill No. C-231 and I think that the standing committee on transport and communications has done an excellent job. The committee certainly heard many submissions and it has approved many amendments in order to make the bill a more effective piece of legislation. But there is one very important development in the field of transportation which I personally should like to see the bill cover more fully, and I refer to the power of one form of transport to enter another transportation field and, as it were, to buy up and control the competition.

One of the more important principles in Bill No. C-231 is that whenever competition exists in transportation that competition should work to the advantage of the people of Canada. The interplay of competition certainly produces new and better ways of moving freight. It suggests new ways of reducing costs and is a strong restraining force on freight rates. We are dealing with a bill which will establish a new pattern of growth and development for all modes of transport under federal jurisdiction, and it seems to me that to fail to include in that bill a provision which will give some safeguard to the continuance of competition would undermine the bill's objective of competition in the transportation field

I acknowledge that there are situations in which common ownership of competing modes of transport may be in the public interest. For example, I can see certain situations in which the use of trucks by railways, not just in urban areas for pick-up and delivery but on intercity routes, may definitely establish a desirable integration of services. However, I also believe that we should empower the new Canadian Transport Commission to take a look at the ability of one mode of transport to gain control of a competing mode. I believe that the commission should have the authority in the public interest to restrain any policy or action by one mode of transport which would permit it to use its economic power to gain monopolistic control and to manipulate, as it were, competitive transport media.

In the Atlantic provinces and in western Canada the issue of control of one mode of transport by another is probably of greater public import than in central Canada. The extensive network of inland waterways and transportation services such as there is in central Canada does not exist in the Atlantic provinces or in the west. In the Atlantic provinces and in the west there are not as many trucking firms to compete with the railways.

I do not think that the entry of one form of transport into another can be dealt with by attempting to turn back the clock. I would be against disrupting the present pattern of services by suggesting that any form of transport be forced to divest itself of control of facilities which to date were legitimately acquired. I think we should perhaps accept the status quo as we find it at this time, but I also believe we have to look into the future and plan for the future. In particular, we should ensure that no sudden move can be made outside the authority of the Canadian Transport Commission to change radically the composition of the Canadian transportation industry by one mode deciding on its own how much of a competing mode it will acquire. I think that one form of transport should perhaps be able to experiment and to develop services in another mode, but I do not think that the public interest of this country will be served if moves are permitted in the transportation field which will seriously affect the amount of competition between the modes.

Accordingly, with that in mind I move:

That Bill C-231 be amended

(a) by inserting immediately after clause 19 on page 12 of the bill, as reprinted, the following: Notice of proposed Acquisition.

"20. (1) A railway company, commodity pipeline company, company engaged in water transportation, or person operating a motor vehicle undertaking or an air carrier, to which the legislative jurisdiction of parliament of Canada extends, that proposes to acquire, directly or indirectly, an interest, by purchase, lease, merger, consolidation or otherwise, in the business or undertaking of any person whose principal business is transportation, whether or not such business or undertaking is

subject to the jurisdiction of parliament, shall give notice of the proposed acquisition to the commission.

Publication.

(2) The commission shall give or cause to be given such public or other notice of any proposed acquisition referred to in subsection (1) as to it appears to be reasonable in the circumstances.

Objection.

(3) Any person affected by a proposed acquisition referred to in subsection (1) or any association or other body representing carriers or transportation undertakings affected by such acquisition may, within such time as may be prescribed by the commission, object to the commission against such acquisition on the grounds that it will unduly restrict competition or otherwise be prejudicial to the public interest.

Investigation and Approval by Commission.

(4) Where objection is made pursuant to subsection (3) the commission

(a) shall make such investigation, including the holding of public hearings, as in its opinion is necessary or desirable in the public interest; and

(b) may approve such acquisition unless it is shown to the satisfaction of the commission that such acquisition will unduly restrict competition or otherwise be prejudicial to the public interest;

and any such acquisition, to which objection is made within the time limited therefor by the commission, is void unless approved by the commission.

Construction.

(5) Nothing in this section shall be construed to authorize any acquisition of an interest in any other company that is prohibited by any act of the parliament of Canada."

(b) by renumbering clause 20 on page 12 of the bill, as reprinted, as clause 21; and

(c) by striking out clause 21 and the heading thereto on page 13 of the bill, as reprinted.

I have copies of the amendment in French and in English.

Mr. Pickersgill: Mr. Chairman, before you put the amendment may I say that, as must be quite apparent from the fact that I have copies of the amendment, the hon. gentleman was good enough not only to take the advice I offered the other day, as did several other hon. members, and let me know in advance that he was going to move the amendment but he also discussed its content with me. The amendment is quite acceptable to me and to the government. It is an amendment which in substance was suggested by the Canadian Trucking Association, and I think it meets with the general philosophical attitude that parliament has expressed over and over again, that we should be very chary indeed of allowing monopolies to develop if that can reasonably be avoided.

• (3:50 p.m.)

When the amendment is put, therefore, if hon. members are disposed to accept it I can assure them as sponsor of the bill that I shall be quite happy. I might suggest—and I make this point now to the hon. member—with reference to part (c), that part of the amendment striking out clause 21, that if the amendment is accepted I shall be moving an amendment to clause 94, where it seems appropriate to re-insert this same provision. The reason for doing it in this apparently roundabout way is that it saves renumbering the rest of the clauses in the bill. The present clause 20 would be clause 21 and we should not have to go through the action of renumbering the rest of the clauses. I thought I ought to give that explanation; otherwise hon. members would be puzzled by part (c).

Mr. Baldwin: Might I address a question to the minister and to the hon. member proposing the amendment? Has this matter been checked to see if there is any conflict with the restrictive trade practices legislation or the Criminal Code? Is there a conflict anywhere? Is the amendment consistent with the wishes of parliament, with the carrying out of the purposes of parliament as embodied in the restrictive trade practices legislation or the various sections of acts covering restrictive trade practices? That is the point occurring to me. Looking at this matter at first blush it seems that we are moving in the right direction. It would be a great pity if this legislation were amended by a clause which subsequently is found to create conflict. Has the minister considered this matter or have his advisers considered it?

Mr. Pickersgill: I did. Because of the words of this amendment, which will be recognized as quite an important one, and because the hon. gentleman gave me notice of his desire to do this when we were in committee before the Christmas recess, I asked the opinion of the draftsmen and of the law officers of the Department of Justice. I am assured that not only in their opinion is there no conflict but that the amendment is within the spirit of other legislative enactments.

The Chairman: Before the hon. member for Burnaby-Richmond speaks may I put the motion as moved by the hon. member for Port Arthur?

Mr. Pickersgill: Dispense, sir.

Some hon. Members: Agreed.

Mr. Prittie: Mr. Chairman, a couple of questions come to mind in this connection. Having had no advance notice, we have not had time to study this amendment. The first

question which comes to my mind, speaking as an individual, is this. Is the intent altogether good? This amendment brings up the whole subject of bigness of corporations and how we control it. It seems to me that often we concern ourselves with bigness and try to prevent it simply because we do not control it adequately through some public agency. In many instances I can see that more efficient production, if you like, in the transport field might be brought about by major companies controlling more than one mode of transport. We could accept bigness if there were adequate public control. That is one aspect of this matter that comes to mind.

I know it is late in the day to raise it but there is also the point that the two major railway companies already own many trucking firms. In my province, and I am thinking of the area between the Okanagan valley and the Pacific coast, the major trucking lines moving fruit in that area at the present time are owned by the railway companies. Have the minister and the hon. member for Port Arthur done any research into the point I have raised? What percentage of the major trucking firms in the country is owned by railway companies? I wish to pose those two points to the minister.

Mr. Pickersgill: May I immediately say a word in this regard. I think there are those in the trucking industry who would suggest that we should go much farther than this amendment goes and order the railway companies to divest themselves of all their trucking operations except those—representations of this kind have been made to me by some truckers—strictly ancillary to railway operations, such as delivery trucks in a town. I do not feel that in a bill like this we would want to embark upon such a fundamental change of practice as that would involve. I do not feel I should be willing to accept an amendment that would forbid future acquisitions. There is something in what the hon. gentleman says. Sometimes it may be more efficient to have one mode of transport owned by another. The public may be able to get better service that way.

What this amendment does, and I think very effectively, is to say that whenever anyone wants a hearing, when there is notice of acquisition of one mode of transport by another, a hearing shall be held to determine whether that acquisition is in the public interest and whether that amalgamation should take place. If the commission reaches the conclusion that on balance it would be in the public interest to have that common ownership, it would be agreeable to the amalgamation. If the commission felt that amalgamation would create a monopoly apt to be injurious, it would not be agreeable to it.

I congratulate the hon. gentleman for having produced this amendment. It will give us not the best of both worlds but the better, one might say, of both worlds.

Mr. Bell (Saint John-Albert): I take it this is the amendment the minister referred to on Tuesday night?

Mr. Pickersgill: Yes, that is right.

Mr. Bell (Saint John-Albert): It was not the minister's fault that we did not get it on Tuesday night.

Mr. Pickersgill: Nor was it the hon. gentleman's.

Mr. Bell (Saint John-Albert): This amendment is far-reaching in two respects. Through it, uniquely in this bill, we give the commission directions to do certain things. This cannot be wrong and we ought to consider whether other types of activity should also be controlled in this way. Frankly, I have not fully considered the matter.

The hon. member for Peace River has alluded to something that I think brings in an entirely new principle. Here a new board is being set up and we are asking it to shadow, if you like some activities now coming under other acts administered under the authority of the Department of Justice. This point ought to be considered carefully.

With these two reservations I think the amendment moves toward desirable objectives. The hon. member for Port Arthur has recognized that certain aspects of this matter cannot be retroactive. We really need more time to consider this amendment.

• (4:00 p.m.)

Mr. Horner (Acadia): I should like to say a word about the proposed amendment which, as my hon. friend from Saint John-Albert has said, has far-reaching implications. We already have a Restrictive Trade Practices Commission which concerns itself with questions of monopoly and whether or not a company is destroying competition unduly to the detriment of consumers. It is assumed in the amendment that any inroad by one mode of transportation into another field of transportation might well prove harmful to the public interest. If such an amendment is seriously contemplated now, it is too bad it was not

enacted before the railways became involved in the trucking business to the extent which has now become evident. I am not sure whether it is harmful to the public interest for railway companies to become involved in the pipe line industry. But they are becoming interested in it, and perhaps it is right that they should do so.

In any case, this amendment does represent a departure from the normal and I suggest we should stand it for the time being. We shall be discussing this bill for another day, I would expect, and perhaps we can deal with the matter tomorrow or on Monday. In the interval we could consider whether this proposal conflicts with any provision of the Combines Investigation Act and whether it is likely to give rise to other complications.

Mr. Baldwin: If this is going to be done the minister might give some reflection to another aspect. Subclause (3) of the new proposed clause 20 provides that any person affected by a proposed acquisition referred to in subclause (1) may object. This would appear to restrict the people who can participate in proceedings before the commission to those who are within the wording "any person affected", and I think this is probably right. One would not wish to have a multiplicity of interests before the commission at this stage. The point I should like to make is: Does the decision of the commission in this respect then become, as I suspect it will, subject to the provisions of clause 16(2)(a), which refers to a review of any act of a carrier and entitles any person to appear where that person has reason to believe there is a prejudicial effect?

The minister may see what I am trying to say in my awkward way. Let us assume this amendment is adopted and let us assume that there have been proceedings under the new clause 20 where the commission has acted and which involve a carrier enlarging his activities by absorbing another business. Does that then become an act of the carrier which is subject to review under clause 16? Does it mean that a person, meaning a much wider group of people, may challenge that this particular act is not in the public interest and thereby necessitate a further review? The minister probably sees what I am getting at. He might give some thought to it and consider it.

Mr. Pickersgill: My thought would be that it would not be necessary to go to clause 16 because any person affected would not necessarily be the other carrier. It could be a provincial government in the province in which any such amalgamation was taking place. If a truck line in the Okanagan were being taken over by the C.P.R., I do not think the government of Nova Scotia would be a person affected. But the government of British Columbia or the municipalities in the area might be. I do not think it is necessary to rely on the public interest in clause 16 at all. They would have the right to intervene in the first instance.

Mr. Baldwin: The minister has not grasped what I have in mind. If I am correct and if this may happen, there would then be two reviews, first, the hearing by the board under clause 20 and, second, the right of review under clause 16. "Person" under 16 comprises in my view a far wider multitude of people than the persons covered in clause 20. This is the point I am making and which I am asking the minister to consider. Would he give some thought to it?

Mr. Pickersgill: I am sure my legal advisers have been listening to the hon. gentleman, perhaps with more comprehension than I have. The suggestion that we should stand the proposed amendment is agreeable to me. Perhaps in doing so we should deal with the proposed clause 20 and pass it subject to its being amended in an automatic way if we accept this other amendment later.

Mr. Bell (Saint John-Albert): That is agreeable, but would the minister clarify the matter of the new numbers? We have an amendment here and are finding it difficult to fit it in. We shall have to bring it in before clause 94.

Mr. Pickersgill: If it is a new amendment which would involve another clause I suggest tentatively, at any rate, because I can always introduce yet another amendment to do something about the numbering, that the hon. member might move any such amendment as clause 20A. This would avoid complications for the time being. If it were accepted and if it were felt that the numbering was becoming untidy, I am sure it would not be beyond the wit of the lawyers when we get to the end of the bill to move an amendment which would renumber all the clauses and get over the difficulty.

[*Translation*]

Mr. Leblanc (Laurier): Mr. Chairman, on behalf of Quebec truckers, I am pleased to speak on the amendment to clause 20. Hon. members will not be surprised, of course, by my intervention on behalf of the trucking

industry, because since I was first elected to the house, that is on February 10, 1964, I have shown here on several occasions my interest for that industry.

As early as May 27, 1964, I put on the *Votes and Proceedings* of the house a notice of motion which appeared at page 25 of the order paper on June 3, 1964 and read as follows:

That, in the opinion of this house, the government should not implement the recommendations of the royal commission on transportation, better known as the MacPherson commission, which suggests, among other things, that the railway companies be free to set up a trucking system.

• (4:10 p.m.)

That motion did not come up for discussion, because the time allocated to the house for consideration of notices of motion was exhausted before it could be called by the Speaker.

On April 26, 1966, I asked the Minister of Finance (Mr. Sharp) a question about the depreciation rate on trucks. On May 10, 1966, on the adjournment motion, I made brief representations to the Minister of Finance, asking him to reconsider maintaining the depreciation rate on trucks at 30 per cent instead of 20 per cent, as proposed in his budget speech. I can say that this intervention was successful, because the Minister of Finance revised his position on the depreciation rate on trucks and kept it at 30 per cent.

The amendment proposed by the honourable member for Port Arthur (Mr. Andras) reads as follows:

That Bill No. C-231, entitled an act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions be amended

(a) by inserting immediately after clause 19 on page 12 of the bill, as reprinted, the following: Notice of proposed Acquisition.

"20. (1) A railway company, commodity pipeline company, company engaged in water transportation, or person operating a motor vehicle undertaking or an air carrier, to which the legislative jurisdiction of parliament of Canada extends, that proposes to acquire, directly or indirectly, an interest, by purchase, lease, merger, consolidation or otherwise, in the business or undertaking of any person whose principal business is transportation, whether or not such business or undertaking is subject to the jurisdiction of parliament, shall give notice of the proposed acquisition to the commission.

I am glad to support this amendment for, to my mind, the trucking industry is of the highest importance to the economy of the country as a whole. It represents investments of over a billion dollars and, at the present time, in the province of Quebec alone, 55,000 employees depend on it for their livelihood.

One Canadian out of 20 works for the trucking industry. One dollar out of 13, whether in wages, in salaries or in other revenues in the field of Canadian labour, comes from transport.

It is strange to note that former federal governments, since the advent of trucking, failed to take that industry into consideration in the various laws affecting the trucking interests in the field of competition.

However, a Liberal government has finally decided to review the whole national policy on transportation, taking into account all modes of transport including the trucking industry. They should be commended for creating such a precedent and I am convinced that the trucking industry will know how to show its appreciation for this significant and important step.

The various trucking associations in the country had been requesting a new national policy on transportation for a long time. As reported in the Canadian Trucking Association Review, dated April 23, 1965, the association will ask the federal government to introduce a new federal legislation authorizing provincial control boards, controlling extra-provincial trucking, to work together as a single unit. Such a legislation would therefore maintain provincial control boards as control agencies authorized to meet legally as a joint control board to deal with requests for extra-provincial trucking.

The July 14, 1965 issue of this association's review refers to the fact that the Minister of Transport (Mr. Pickersgill) is carrying on his series of speeches advocating the establishment of a national transportation authority, and it says that his appeal for such authority is the first logical statement of a truly positive federal approach to national transportation problems in many years.

It seems to me it is urgent to establish a national transportation policy in Canada. Even though the province of Quebec has set the example by passing adequate legislation, the fact remains that truck transportation has developed into a coast-to-coast operation and that all that legislation must be coordinated by a federal act.

The C.T.A., or Canadian Trucking Association, is satisfied with the bill under study and the amendment under discussion, since it made representations in that direction, that is for the following reasons:

First, to put an end to the multiplicity of hearings by many provincial boards.

Second, to remove the conflicts from one province to another because of the permits granted for the same extra-provincial company.

Third, to set forth regulations governing extra-provincial rates throughout Canada.

Fourth, to establish adequate legal control over the property transfers of extra-provincial companies.

Fifth, to put an end to the continued failure to apply the extra-provincial regulations, under the Motor Vehicle Transport Act.

In the province of Quebec particularly, the Transport Control Board supervises and controls a large number of owners of freight and passenger public transport companies.

Since the organization has already been set up, it is contemplated in the amendment to use the good offices of the boards now in existence in all provinces, for they have the experience and the qualifications to settle the problems of the trucking industry. They are the best existing organizations, and they are ready to co-operate with the federal government in the application of this transport legislation.

I am happy to point out that within Canada, Quebec now has, according to numerous public statements, the best legislation to protect the interests of both truckers and shippers. With only 11 per cent of the railroads in Canada, and with 30 per cent of the Canadian population, Quebec had to rely more heavily on highway transport. This explains the extraordinary development of this industry in that province.

The truckers associations have energetically and frequently protested against government paternalism in the shape of subsidies given to the railways. They maintain that the government should rather give subsidies to the shippers, who could then choose their own method of transport. The proposed amendment also aims to prevent intervention by the railways in the trucking industry. In a country where we extol freedom of speech, religion, movement, enterprise, the individual, private property, the press and freedom of choice with regard to political parties, we should also advocate free enterprise with regard to trucking companies and allow the various enterprises to compete freely.

Any user should be free to choose freely the method of transport he prefers. It is important that the income and expenditures of each method of transport should balance, each method of transport assuming the responsibility of its financial equilibrium. The words "freedom of choice of the user" are calling, of course, for competition, the only factor able to guarantee the user the lowest transportation rate, the conditions of a healthy competition and the financial balance of all the businesses.

That definition of free enterprise with regard to the trucking industry is supported by the "Union internationale des transports routiers" of Geneva, in its brief published in July 1962. As reported on page 13 of that document, it states:

> On the other hand, the I.R.U. maintains as absolute prerequisites the two propositions hereunder which are liable to be accepted in all the economic systems, whether they are competitive or not.
>
> Prerequisite No. 1—Freedom of choice of the user.
>
> The user must be able, in all freedom and taking into account the utilization factor which he defines for his own needs, to choose his method of transport and his transportation firm, or to decide that he will attend to the transportation himself.
>
> Prerequisite No. 2—Financial balance.
>
> The income and expenditures of each method of transport and each transportation firm must balance, each firm assuming the responsibility of its financial balance.

As a matter of fact, the role of the state is not to supplement private enterprise but rather to co-operate with it so as to improve the economy of the whole country. On April 20, 1966, when I commented on the budget, I made a statement of principle concerning the success of free enterprise in Canada and the need for continuation of this system in the country by adapting it to modern needs.

Here, in this country, we have the following statement made by the Newfoundland royal commission:

> The C.N.R. and C.N. Transportation Limited should not be allowed to buy private trucking firms and they should not be permitted to have direct control over private trucking companies.

And, further on:

> Their operations should be limited to freight transportation from one station to another and they should not be allowed to compete directly with private trucking.

Moreover, the brief submitted by the government of the province of Quebec to the royal commission on transportation in Canada, in December 1960, contains the following statement:

> Section 302.
>
> We believe that the railways should increase the efficiency of their service, trucking being for them simply a limited extension of their rail operations. But we object to the railways having control or a near monopoly of the trucking industry at the expense of the independent truckers and to the

detriment of the general public interest. As far as the province of Quebec is concerned, we already use for that purpose the provisions of the Transport Board Act (13 George VI, chapter 21, as amended, the General Regulations and amendments thereto).

Section 303.

We remind the railways that their main responsibility to the Canadian people, historically, economically and socially, is to organize an efficient and economical system of railway transportation, and not to engage in the trucking industry. Consequently, we do not want them to touch the trucking industry in the province, except in certain exceptional cases, when required to fulfil efficiently their functions as railways.

Section 304.

We note the assurances given by the railways that their involvement in the trucking industry is not intended to drive out the independent truckers but rather to ensure an extension that would enable them to supply the Canadian public with a better, more adaptable and economical transport service than in the past.

Section 305.

Trucking, as a restricted complement to railway operations must not go beyond pick-up and delivery by railway-owned trucks in metropolitan centers and the principal cities.

In the United States, the railways are barred from trucking and the *Financial Times* of June 24, 1963 mentions, among other things:

[*English*]

The Interstate Commerce Commission has told the C.N.R. competition, U.S. or Canadian, that no matter how short the route, it will not permit the railway to take over a truck line operating in the United States...all motor carriers in this country should be protected against rail controlled trucks.

• (4:20 p.m.)

[*Translation*]

In great Britain, the 1962 Transportation Act also bars railway companies from entering the trucking field. Other countries have taken the same position: Germany, Holland, Italy, France and Mexico, among others. These countries have brought down legislation in this regard, leaving the shipping public free to choose their own method of transportation by land, thus providing true competition in the public interest. For the good of the country, it is essential that Canada should have a completely independent system of transportation by land, not only for the reasons which I have just advocated but also for labour considerations. Just imagine, Mr. Chairman, that all means of transportation in Canada—the railways, the bus and truck companies—would be controlled by the same interests, and a strike would occur. It would be a national disaster.

In concluding my comments, Mr. Chairman, I would like to call the attention of the house to the brief submitted in November, 1966, by the Canadian Trucking Association, Inc., to the standing committee on transport and communications with respect to Bill No. C-231. On page 14, paragraph 41, the brief mentions, among other things, under the heading "Access of railways to the trucking field", and I quote:

The independence and the competitive character of the trucking industry are gradually disappearing. The purchase of trucking companies by the railways and the increasing importance of their trucking operations surely raises the question of future governmental policy in transportation legislation such as Bill No. C-231.

The following lines are found in paragraph 42:

This intrusion of the railways has been going on since 1946, with fluctuations by the C.P.R. between 1946 and 1948, and also in 1957-1958; in the case of the C.N.R. this dates back mostly to 1959.

In paragraph 43, we read the following:

The national transportation policy for Canada outlined in Bill No. C-231 inexorably brings the committee to study the extent to which the railways have entered the competitive trucking field and their position with respect to achieving control of the industry. We respectfully submit it is time that parliament—in view of the importance of the intrusion by the railways and the vast number of services controlled by the railway companies on the highways—went beyond high-sounding explanations concerning "co-ordinated trucking" or "integration of services".

Finally, paragraph 44 reads as follows:

The railway companies can achieve control in a given sector of the trucking industry simply by purchasing any one of six independent trucking companies, say, operating on a given line—

Mr. Chairman, I would have many other things to say but, unfortunately, I have to cut short; however, before I sit down, I would like to add that Canadian and Quebec transport companies are in favour of the new legislation, particularly with respect to the amendment presented by the member for Port Arthur and seconded by myself, and I hope that it will be supported by the house.

[*English*]

Mr. Pickersgill: I wonder whether it might be agreed that the amendment be allowed to stand and that we consider clause 20 now, subject to coming back to the amendment.

The Chairman: Is it agreed that the amendment moved by the hon. member for Port Arthur now stand and that clauses 20 and 21 as renumbered in the reprinted version remain as 20 and 21 for the time being?

Mr. Mongrain: Mr. Chairman, before we reach a decision on that, may I ask a question of the minister? There is something which is

not very clear in my mind and perhaps is not clear in the mind of the hon. member who moved the amendment. I see here the words "to which the legislative jurisdiction of parliament of Canada extends, that proposes to acquire, directly or indirectly, an interest, by purchase, lease, merger, consolidation or otherwise". Suppose they do not want to acquire, lease or purchase but want to establish something that does not exist. In that case, would the amendment block this loophole? I should like to have the reaction of the mover of the amendment or the minister in this regard.

Mr. Pickersgill: I would imagine that if a railway company, for example, wanted to establish a new truck line where none existed it would have to follow the procedures which are prescribed for the purpose of establishing such new line. Whatever the law requires at the present time would be as prescribed under the motor vehicles act—I never can remember the name of the act—which now gives the provincial agencies jurisdiction on our behalf over this field. After this bill passes and after our consultations with the provinces, if at some stage in the future we propose to exercise this jurisdiction, then it would be according to whatever rules are laid down for the establishment of a new line. In the case of a pipe line which a railway wished to build, of course it would have to follow the procedures which would be laid down in this bill for a commodity pipe line. If it wished to start a new steamship line, it would have to follow whatever the law may be at the present time.

Mr. Mongrain: Mr. Chairman, I am perfectly agreeable to the idea of having this amendment stand, but I would insist on suggesting to the minister that he study the possibility of adding after the words "that proposes" the words "to establish" and then carry on with the words "to acquire, directly or indirectly".

Mr. Pickersgill: I will be very glad to have my legal advisers look at that suggestion. I think it would be better if I do not express any view until they have done so.

The Chairman: Shall the amendment stand?

Some hon. Members: Agreed.

Amendment stands.

Mr. Baldwin: Mr. Chairman, I might ask for direction at this time. I intend to move an amendment which will be new clause 20A. I am agreeable to carrying clause 20 if it is understood that this does not prohibit the introduction of my amendment.

Mr. Pickersgill: No.

Mr. Baldwin: After clause 20 has been carried I intend to move the introduction of a new clause 20A as an amendment.

Clause agreed to.

On clause 21—*Amendments and repeals.*

Mr. Pickersgill: Before the hon. member speaks in respect of his amendment may I ask to have clause 21 stand. Until the amendment is disposed of I would not wish to deal with clause 21.

Clause 21 stands.

Mr. Baldwin: Mr. Chairman, while I am still confused about the numbering of these clauses, there is an amendment which I wish to move. I think I will move it here as clause 20A subject to the understanding the minister has indicated and which the committee seems to have approved. It may have to be renumbered if accepted in view of certain other changes which result consequentially from the amendment moved by the hon. member for Port Arthur. Some time ago I gave an indication of the nature of this amendment. I wish to move the amendment primarily because of the extraordinary powers being given to the Canadian Transport Commission. I do not object to these powers. As I indicated previously, probably we are getting into the stage of being sucked into a vortex in our industrial, economic and social life wherein we have to do these things. I feel, however, that we should provide as many safeguards as possible for ourselves and those whom we represent when these powers are being given.

I suggest to hon. members, most of whom I know have given a great deal of care and study to this bill, that they look at some of the clauses which indicate the powers of the commission. They will note clauses 5, 14, 15 and 88, the schedule to the act, and a number of bills and other acts which will have to be amended by virtue of this particular bill. By clause 15, subclause (5), we even give to the commission the right to delegate powers and authority.

• (4:30 p.m.)

Clause 28 gives this commission the power to exempt from the operation of the act certain features and aspects of responsibility. Not only will this commission have the right to regulate on the basis of the powers it is taking

over from the Board of Transport Commissioners and other boards and associations which it will replace, but by two clauses, 35 (o) and 35 (r), it will have additional powers to make regulations of a very substantial nature. Clause 35 (r) gives the commission power to make such regulations as may be necessary for carrying out the purposes of the bill. Clause 35 (o) also gives the board the power to impose sanctions and penalties not to exceed $1,000. In other words, it has the power to impose a penalty on anyone who disobeys or is in breach of sections of the act or the regulations. In addition the commission has the power to deal with and make recommendations involving the expenditure over eight years of some $480 million, being the amount required for what we may call phasing out subsidies.

In addition to those powers the commission has the right to recommend to the governor in council or the Minister of Finance—I am not sure which and there may be a distinction—the payment of such sums as in its opinion are required because of losses which are or may be sustained in connection with non-economic passenger services and branch line services. The commission will have tremendous power in respect of the recommendation and allocation of hundreds of millions of dollars. Never before have so few non-elected people been given so much power in relation to the economic characteristics of this country and the right to deal with all aspects of transportation.

At an earlier stage I gave particulars of an amendment which I intend to move. I have copies in English and French. I may trespass on the time of the committee by reading it but I intend to do so because some members may not have heard it or read it before. My amendment is:

That clause 20 be amended by adding the following subclause:

(1) As soon as practical after the commencement of the first session of each parliament, in any event not more than 15 days after the commencement of the said session, a committee of 12 members of the House of Commons (to be known as The National Transport Act Committee) shall be appointed for the duration of such parliament according to the practice of this house with reference to the appointment of members to serve on standing committees.

(2) There shall be a chairman and a vice-chairman of the committee who shall be elected by the members from time to time provided however that the chairman shall be a member of the opposition.

(3) Save where otherwise provided herein the general practice as established by the Standing Orders shall prevail with regard to the meetings and acts of the said committee.

(4) The powers and duties of the committee are:

(a) to examine the annual report made to the Governor in Council by the commission and to report to the house with such comments as it thinks fit any items or matters referred to in this report; and

(b) to enquire into any question which is referred to it by the House of Commons and to report to the house upon that question.

(5) The committee may, and at the request of the witness giving evidence shall, take in private evidence whether oral or documentary which in the opinion of the committee relates to a secret or confidential matter.

(6) Where at the request of a witness evidence is taken by the committee in private the committee or member shall not, without the consent in writing of the witness, disclose or publish the whole or part of the evidence.

(7) Every person competent to give evidence touching any matter under discussion in the committee shall be a compellable witness.

(8) A person who gives evidence before the committee shall not without just cause (proof whereof shall lie upon him) refuse

(a) to be sworn or make a statement;

(b) to answer a question put to him by the committee or member thereof; or

(c) to produce any document which he is required by the committee to produce.

I brought this matter to the attention of the committee before because in my opinion there is far too much apathy and indifference on the part of the government, members of this house, parliament, the press and the public regarding the extent to which parliament from time to time gives various commissions, boards and crown corporations almost uncontrolled power to regulate and deal with various aspects of our social and economic life. History shows that one of the saddest things about the loss of liberties is the fact that people who had the right and opportunity to do something failed to do so. Step by step, stage by stage and area by area we find that various rights which at one time fell within the control of the elected legislative body of this country have been filched away, eroded and whittled down.

As a result of the immense growth of governmental activity, obviously one can ask whether expert public servants are becoming the masters of the people they are employed to serve. Several other questions arise at the same time. Are not many administrators vested with authority to act as legislator and judge? Is this not a violation of the principles of separation of powers and natural justice? Perhaps the main question is that which involves the fundamental principle of democracy. Does not the growing pattern of administrative regulation undermine the ideal of

representative government expressed through a popularly elected legislature?

As I said before, I recognize that in the kind of society and world in which we live it would be impossible for governments to operate without boards and tribunals vested with a certain amount of authority including the authority to make regulations and provide punishment for infractions of them. It would be utterly impossible for this or any parliament to deal completely with all the problems which arise and necessitate our attention. However, when we find that someone says, as often happens in companies or groups, I have been directed by this board or association to make a certain return, file certain documents and give some statistical information, we must conclude that this is not good when these directions are made under terms of regulations and enactments which are not part of the statutes. It is fantastic how often we as individuals are now told by appointed officials what we can or cannot do. This is not good because these people do not have a supernatural ability. There has been no laying on of hands. This happens because we as a legislative body have given this right to these people, and it is our responsibility in doing so to ascertain to what extent we can hedge this authority by safeguards in a way which will not interfere with the effective operation and function of these boards. We must make certain that the impact and result of the exercise of these functions do not harm those people who have sent us here.

Perhaps it is a good thing to have this conflict between elected representatives and civil servants. As a matter of fact I think there is far more conflict, as I think there should be, between us who sit in this chamber and those who are appointed. Only in that way can we have good government. However, the weapons and the conditions must be equal. This has been my complaint with regard to so many of the duties which we as members are asked to exercise by those we represent. We simply have not got the equipment, the knowledge and the assistance to do it. I am moving this amendment in that sense.

• (4:40 p.m.)

As I said before, if the rules had permitted me to do so I would have included a clause by which expert assistance would have been made available to the statutory committee which I proposed. However, because this involved the expenditure of funds and private members are prohibited from so proposing I have not done so, but I would hope that if any such committee is to be established the government would consider the provision of expert assistance. In a matter as complicated as this, where there are so few people who have adequate and expert knowledge, to set up a committee to do the things which I envisage as the work of this committee would be a completely fruitless exercise unless expert and knowledgeable people who would be in full and constant touch with the members of this committee were available.

I conclude by suggesting that this matter is one of which the government is well aware. When this house was dealing some time ago with the new proposed rules, which are now the interim rules under which the house is operating, I asked the Prime Minister about the possibility of setting up a committee on delegated authority. The answer which the right hon. gentleman gave me at that time indicated that he was well aware of the problem. He referred to Lord Hewart's book, "The New Despotism". He said he understood well the difficulty which faced the government. At that time he indicated that something might be done about the problem, but nothing has been done. I think the government realizes that the problem exists, but naturally the initiative must come from someone outside the government.

For this reason I propose in my amendment the establishment of a statutory committee, which is a novel concept in this country. This committee will sit from parliament to parliament thereby, I hope, building up for the duration of a parliament a body of men who will acquire an expertise and knowledge of this very complicated subject matter which will permit them not to sit as a court of appeal—of course this is absolutely unthinkable vis-à-vis the transport commission—not to obstruct the transport commission, but simply as a window through which we can peer at the operations of this commission. In this way we would be able to see to what extent their acts were having an impact on the social and economic lives of the people of Canada and to see what could be done if, in the opinion of this committee, things were happening which were not contemplated.

I am sure the minister will be the last one to disagree with me when I suggest that there are aspects and features in this bill of which he is not too sure. Where we will be three, four or five years from now is a question which I do not think he or anyone else in this country can answer. The future problems

which may face us in transportation can hardly be envisaged at this time in view of the departures which this bill is making. For this reason I urge the government, the minister and all hon. members, irrespective of their political views, to give what support they can to this proposal which I am moving in the form of an amendment.

Mr. Lewis: May I ask the hon. member a couple of questions? First, I want to ask him whether he would have any objection to having his amendment stand in the same way as other clauses and amendments have been stood. Second, I would like to know from the hon. member, without at the moment expressing any very strong opinion, how he can justify the provision in his amendment whereby evidence can be taken in private which will make it the property of the 12 members of the committee only. As a result neither the committee nor any of its members would be permitted to bring the subject matter of the evidence to the attention of this house. What possible purpose would that serve? Perhaps the hon. member could explain that to me. If it is intended that the committee be a window through which we can peer into the activities of the commission, it can hardly be a window if it is frosted and one cannot see anything through it. If evidence is taken in private, then obviously this house and the country will not know what has been done by the commission as far as that evidence is concerned. If such is the case, what is the purpose of obtaining any evidence in private in this way?

The Acting Chairman (Mr. Richard): Before the hon. member for Peace River rises I think the Chair should read the amendment. It is moved by the hon. member for Peace River that Bill C-231 be amended by adding the following clause—shall I dispense?

Some hon. Members: Agreed.

Mr. Pickersgill: Mr. Chairman, I wonder whether I could say a word or two? I have indicated that I am in great sympathy with the general objectives that the hon. gentleman has in mind and that were expressed also by the hon. member for Qu'Appelle. I think it would be desirable to have such a committee although I am not sure that I see why the standing committee on transport and communications of this house is not just as good as some other committee which might be created.

I am in sympathy with the idea which the hon. gentleman quite rightly put forward when he said that he could not include in the amendment the provision of expert assistance because it would involve the expenditure of money. I think I demonstrated my sympathy in this respect by facilitating the work of the standing committee when this bill was before it and by encouraging the commissioners of internal economy who paid for the expert assistance. It may turn out that it is my department which is paying for the expert assistance which the committee received and which was very good. I quite agree with those objectives.

I must say that I share fully the misgivings of the hon. member for York South about secret testimony. Because I am a Privy Councillor and he is not I have another misgiving about how secret the testimony would really be. However, I have a more fundamental objection to the amendment and I think I should indicate it right away because I do not think it is fair to give hon. members the impression that I would be able to support this amendment. I would not be able to support it for the reason that I am a member of the House of Commons and therefore could not support a measure which would permit members of the other place and the Crown to tell us what our rules in this house would be. When in the seventeenth century King Charles I went down to the Commons House of the parliament of that day to direct their activities the Speaker made the famous statement that he had no eyes to see nor ears to hear, and all of us know the rest of the story. I think it is just as objectionable for us to put in a statute which requires the assent, and therefore the dissent if they wish to disagree, of the hon. gentlemen for whom I have great regard but who are not us. They are not part of this house and I do not think it is any of their business to tell us what our rules should be. I believe it would be a terrible mistake to admit, even in a good cause, that they had any right whatever to tell us how we should conduct our affairs.

I think the hon. gentleman said he wanted to keep these things under the scrutiny of the elected representatives of the people. That is right, and we are the elected representatives of the people. Those other hon. ladies and gentlemen at the other end of this building are not the elected representatives of the people, nor is the representative of the Crown. It just seems to me that, in principle, it would be an abdication of our historic rights to attempt to import into legislation which required the assent of the other place an amendment to the

rules of this house. If we decided later, or if another house decided later, it was desirable to change that, then it could not be changed without the consent of these other bodies.

• (4:50 p.m.)

The leader of the house has on the order paper a motion, either in his name or is it in the name of the Prime Minister, to set up a committee to look into the rules. I have every sympathy for, and I would give my undertaking to support in principle, the setting up of a committee. I do not see why the present committee on transport and communications could not be given this function if it were given the extra assistance which I would be happy to see it given. We do have some very complicated matters coming before us. This is one of the most complicated measures we have ever had during my time here. I think we should provide for having someone with expertise to assist during any review which from time to time we might make.

I do not want the hon. gentleman to think I am not sympathetic to his objectives. I think they are sound and good. However, I believe the manner in which he would like to accomplish them, by a statutory provision which deals with the rules of this elected body, would be an abdication to others of that one small corner at least of that independence which is the foundation of self-government. For that reason, sir, I thought I should not waste any time in indicating why I could not vote for this amendment. I agree also with the point made by the hon. member for York South about taking secret testimony. I do not think it would work and I doubt that it would be desirable even if it would.

Mr. Hamilton: I do not intend to deal with the secrecy issue. I think the hon. member for Peace River will be dealing with that. I wish the minister had not spoken before I had an opportunity to make a few remarks on this matter because I was going to deal with the reasons for his objection to this amendment. I was hoping to advance my arguments before he had committed himself. I am going to put my arguments before this committee as sincerely and as frankly as I can.

The amendment moved by the hon. member for Peace River, which concerns the freedom of the people to run their own business, probably ranks in man's fight for freedom with all the other great steps that have been taken in the past. I include Magna Carta and all the rest. I will give my reasons for that statement, Mr. Chairman. If anyone tries to study seriously how a modern government can reconcile itself to the modern type of economic system we have in the western world, he will find that the question boils down to how much control we can give to the people through their elected representatives. The answer given by the minister just now repudiates all the good work that he has done in the last two and a half years. In the last 48 hours I have made the statement to my colleagues and to people in the press gallery that in my judgment, with only ten years' experience in the house and a quarter of a century in the public life of this country, I have never seen a minister learn a complicated bill so quickly, express his ideas on it so clearly and be so flexible to the wishes of the committee, as the present minister.

We have had a demonstration here of virtuosity in mastering a complicated bill affecting the economic and social future of our country, while giving to the elected representatives in the committee and in the house a chance to work together in drafting a bill that is moving into a field about which very few of us know very much. This bill moves into the dark areas of the future. No one in this house could have surpassed the minister's penetrating mind in mastering this bill. I speak with personal knowledge because I worked on this matter for two years when I was a minister. I have not followed it as closely since, but I have had a long-time interest in the economics of transportation, particularly as they relate to railways. The compliment I have paid the minister, therefore, is one I think is owing to him without any qualification or modification.

However, I wish he had not made that last statement. I hope that we can maintain the attitude that has prevailed a while longer. If one studies the problems facing the governments of West Germany, Sweden, the United Kingdom and the United States, one will find that the problem of trying to make a parliamentary system work which grew out of the social and economic systems of the last seven centuries is not very easy. We in Canada are going through this same type of adjustment. If we tie ourselves down to the precedent of Charles I, then there is no solution to our problem. This is what the minister has done. If the men of our generation cannot recognize that adjustments have to be made in the traditional forms of democratic government to deal with the modern type of corporate structure, then our efforts in this house and in every other democratic government are a failure. This is the issue which the

hon. member for Peace River put on the record today in a speech which ranks, in its logic, with the best I have read over the last several hundred years of western history. Hon. members should re-read that speech.

We have in this house over the last two and a half years agreed, I suspect amongst all parties, to turn over tremendous powers of this parliament to a small group who have not in the past had a good record of protecting the interests of the people. We have agreed to turn over these tremendous powers because we do not see any other way of making the whole transportation system work efficiently. As the committee could gather from some of the speeches I made on the rationalization aspect of the bill, we want to even increase the powers we are turning over to this board.

Let us examine all the other crown corporations, the other agencies and boards which this parliament in its wisdom over the years has set up to carry out parliament's business. Let us look at the whole question of the delegation of powers by parliament. We will find one salient weakness and that salient weakness is, how do we touch base with them. We do not want parliament to interfere with their daily functions of administration. As the hon. member for Peace River made quite clear, we do not want to act as a grandstand quarterback in connection with the judicial part of their functions. However, if we are going to continue with the modern capitalistic system of the western world and democratic institutions, then we in this house have to examine our institutional procedures frankly.

To put forward the argument that just because this bill has to be passed in this chamber, has to be passed in the other place and signed by the Governor General, this takes away our power over our rules, can only be described by one word—farcical. All we ask in this amendment is that we let the people know that we have delegated these tremendous powers to a super board but that we are also preserving the right periodically to keep pace with them and to know what they are doing.

• (5:00 p.m.)

We have accepted the fact that individually as laymen we are not competent to handle this question and have to have expert advice. From the past record we know what to expect in this parliament. Sometimes committees do not swing into operation for weeks or months after the commencement of the parliamentary session. Here is a perfect opportunity to show whether a democratic group can meet the challenge of our day and in a responsible, restrained way make some adjustment in our system to keep it moving a little faster and to keep it a little closer to the realities of today.

I do not think any member of this house who believes in the parliamentary system wants to see its power reduced by one iota. The proposal that we are making will preserve something of the power of the people through its elected representatives. This petty, picayune argument that because the Senators have to pass on our bill we lose our right to control our rules does not make sense to me.

We are trying to do something in this amendment with which the minister said he agreed and with which I am sure the government house leader agrees. I have also read remarks by the Prime Minister in which in effect he said he agreed with institutional changes. I believe that men of experience and good will want to see this institution remain sovereign but at the same time they want to make sure that the economic system of the country operates properly. We have to face the fact that our economic system is so complicated that we in parliament cannot deal with it efficiently. We must therefore agree to turn over this power to a super board and even give it more power. However, we do want the chance to preserve the sovereign right of parliament to control on behalf of the people their own affairs.

The setting up of a small committee to provide expert help would provide, as the hon. member for Peace River suggested, a window. But surely it would not be frosted over, because the 12 members of that committee representative of all parties would have some responsibility to the house. For example, if they thought something was wrong they would be able to come back here and take proper steps to right it, or if they wanted to make a proposal they could take the proper action. This would mean that the 17 members of this super board would know they were being watched by a group of people with competent advisers to see that everything possible was being done to bring about harmony with the guidelines we are trying to set down in this bill. We have the machinery through this committee, which will be responsible under the statute, to watch the operations of this board.

I suggest, and I hope the minister will reconsider, that in making adjustments to modern conditions Canada must not fall behind. We have seen what the French have done with their council of state in controlling the

great bureaucracy of that country. We have seen what the Swedes and New Zealanders have done through their ombudsmen. These are small efforts to try to bring about some connection between the right of the individual to justice and protection against the bureaucracy that runs his country.

We are putting one complete sector of the economy of this country into the hands of a super board. Therefore in this day and age we must begin to think about institutional changes and of ways of maintaining and preserving in this house some sort of control over the board without interfering with its efficiency.

Therefore I hold to my statement that the argument presented that the amendment will bring forth the ghost of Charles I to haunt us in 1967 is nothing more nor less than specious. I realize that the minister came to the house from the civil service, that the civil servants who run the country are able, sincere, usually dedicated and know so much more about each facet of government than do we as laymen, and that we have to have these people. But surely this group accepts the principle that a little bit of power must be left in the hands of the representatives of the people, and this is all we are asking for.

I realize that the statement of the minister was a reflection of his background, his long years in the civil service, but the fight that is going on all over the world today concerns whether men shall control the people they appoint. This question is being asked not only in western Germany, Switzerland, Sweden, the United Kingdom, France and the United States but also in Canada.

If we look at the situation in that great country in the Far East, China, what essentially are its people fighting about today? It is the same thing that we are debating this afternoon, Mr. Chairman. In China, which has a monstrous, huge civil service guiding the daily course of every factory and every farm, naturally there are going to be protests. There must be some way for the people to express their dissatisfaction. They even had to resort to the device of giving high school children free railway passes, free food and money to spend so they would watch factories and government offices and ask bureaucrats to explain why they did certain things. But what a crude technique to let the people express themselves and control their civil servants.

The great Prime Minister of China, Chou En-lai, tries to protect his bureaucrats because he knows they are essential to his country. On the other hand, he sees the desire of the ordinary Joe to express his criticism of those civil servants from whom he takes orders in the schools, the universities, the streets, the factories and the farms. We cannot laugh at the red guards because we have used the same technique in the past. The Puritan movement in Great Britain in the 17th century was essentially the same sort of thing, it tried to change the character of man's nature by a social pressure that was open and forceful. This is never successful, of course, but nevertheless one sees the basic issue. If at times we in Canada think our civil service is slow and cumbersome, tied up with red tape, then I say go to China and see how bad it can be.

As I was saying, Mr. Chairman, we are not just debating the question of transportation. We are putting forward an amendment to try to improve the quality of democratic government in a day of great efficiency. If we cannot improve this institution in a practical way it is no good for people to go up and down the country pounding their chests and declaring that we have to reform parliament. The hon. member in his amendment is suggesting a reform of parliament. He also said that this same technique might work with the C.B.C. and with other crown corporations. No government likes to be told by the head of a crown corporation: Get out of our way; we have complete power to act.

• (5:10 p.m.)

I do not hold it against anyone who sincerely believes that these crown corporations should not be criticized, because in many cases we have clearly delegated power to them under the act in question. As the hon. member for Peace River said, freedom is not usually lost in a revolution or war but through daily erosion. This erosion of power in connection with transportation will mean that a big chunk of our power will be delegated to a super board. We should maintain some sort of contact with the board. It would be a big help, not only to parliament but in improving the feeling across the country, if we could show that parliament is not myth-ridden, that it does not worship old fetishes. People think our attitude is that we do not let the Senate pass on anything that interferes with our rules.

Transportation by way of air, rail, pipe line, water, bus and truck affects the lifeblood of this nation. My request is made not as a Conservative member but as a member of this house who has consulted with his colleagues. I hope there is support from all sides of the house. We hope that the Liberals in the house

will agree with the principles we raise. We are trying to preserve the rights of parliament in some small measure. We accept the principle that efficiency must predominate, but the right of the individual to express himself in our system must be preserved.

This amendment may not be very good. We do not know whether it will work but it is the best we can do. Some of us have laboured over the transportation problem for a long time. We have other amendments to move but none of them is more important in principle than this one. I think the hon. member for Peace River, when he introduced this matter on December 20 and again today, has made his mark in the history of parliament. That mark will long endure. I pay my respects to him and I pay my respects to members in all parties who sat on the railway committee, who listened to a great deal of evidence and who showed such flexibility and willingness to produce a good bill. Many amendments were accepted in that comiittee.

I pay my regards to the staff. They must have worked extremely hard trying to find legal and statutory answers to the problems raised. There was an example where we all worked together. I hope the minister does not out of hand, as he sometimes does, produce an argument turning down the suggestion we are making. I think the hon. member for Peace River can meet the arguments of the hon. member for York North—

An hon. Member: York South.

Mr. Hamilton: I beg your pardon, York South. I think the arguments can be met. Essentially we are trying to introduce into this house an institutional change, one that may set a precedent for other boards. The problem we have in this country is a problem faced all over the world. I do not want to quote authors and studies. Many articles and monographs by exceptionally able people who are worrying about this problem have been produced. In his last speech on this subject in this country, the high commissioner for Great Britain pleaded with the senior civil servants of this country to please give the elected representatives a little power. That plea came from a man who had held five portfolios in the United Kingdom and who had spent several years in Canada. I think he respected us. For him to make that type of plea to our civil servants shows that he feels our problems are the same as those of the United Kingdom.

The United States is worse off than we are and the French, of all, are the worst off. The problem must be met. I hope the minister will not rush in too quickly to express his views. We have considered this matter with great humility. It does not affect our freedom in this house but I think it does show to the people of Canada that we are trying to preserve parliament's rights. In the interest of efficiency we are not trying to stop any board from having complete power. We are trying to be responsible and we are trying to be constructive.

I hope this amendment is given serious consideration by the minister. We want to express our views on it strongly. I will not deal with the matter I raised last night having to do with the minister's progress on the bill, because that matter is not as important as this amendment. I appeal to the minister to maintain the reputation he has established during the last two and a half years. He has a reputation for having mastered the principles of the bill. He explained it fully to us in committee. In his dealings with the bill he has been willing to adjust, and this adjustment has been met by all sides. As a result of the minister's attitude we have reduced to a minimum the heat that might be generated by many matters. Parochial and regional interests have been reduced to a minimum in trying to get a good bill. We know we are moving into a new field.

We hope that as the years go on this bill will prove to be a good one and that the board will obtain the necessary personnel, who must be hard to find. We hope that the board's decisions will set good precedents for future boards. To keep in touch with the people, to get viewpoints, we hope that a responsible pattern of communication will be organized. I hope that along the channels of communication positive ideas may flow. I will not press that matter at this time.

The essential point is: will parliament accept the challenge? Can we mend our ways and break even a little with tradition? Can we let the committee operate under a statute and give it permanent employees loyal not to the government but to the committee so that those employees can keep in touch with the workings of the commission? They ought to be competent to funnel ideas either way in language which makes sense to the layman. We hope that the 12 members on the committee will develop over a period of years the same sort of working spirit that we have developed in this committee so that it will be a matter of pride to be a member of that permanent committee of the house and so that men will fight to be the representatives of their party on the committee. If they develop

that pride we shall not be juggling hon. members around to fill in slots.

I think this committee deserves to have members from all parties in the house and from all over Canada. I confess that the ideas in this resolution are borrowed partially from Australia, from where we get the statutory concept, and partially from the United States where there is a full-time staff. Even if the ideas are borrowed, these problems still exist in Canada. They exist not only in Canada but all over the world and it is our responsibility to do what we can toward solving them. This amendment is only a small step in meeting these problems, especially the problem of control of people exercising delegated authority. I think this amendment is a worth-while first step.

Mr. Pickersgill: I should like to say a brief word. It would be most ungracious of me not to express appreciation for what I think is probably the greatest compliment paid to me since I have been in public life. It comes from the other side of the house but that does not make me less appreciative of it. The fact that it was paid by the hon. member for Qu'Appelle who, like me, is not ashamed to be partisan, makes it all the more touching.

Notwithstanding what the hon. member said and notwithstanding my genuine appreciation of his remarks, he has not altered the view I have expressed. I should not like the hon. gentleman to have the wrong impression. That is why I rose at once. I would not want him to think that I had made a hasty or snap judgment. After all, the hon. member for Peace River very considerately gave us a preview before Christmas of what he proposed to do. I have had, therefore, as we all have had, a good deal of time to reflect on the matter.

I thoroughly agree with the objective. I think that we should have a committee. We on this side of the house, since coming to office, have given evidence of our disposition. The Prime Minister and the Minister of National Defence instituted the kind of defence committee of this house that we have never had before. Under the new temporary rules we have had a considerable overhauling of the standing committees of the house.

• (5:20 p.m.)

I think there has been more good work done by committees of this house in the last year or two than at any time in the nearly 30 years during which I have been observing parliament or sitting in it. The time is long past when we should get expert and independent assistance in committee work when committees are dealing with complicated matters and the members themselves cannot be expected to have at their fingertips the necessary expertise. With all this I completely agree. What I cannot agree with is the view that we are so undisciplined in this house, which is elected by the people, that it is necessary to have people appointed in another place participating in making rules for us and that those rules should be embodied in a statute. Incidentally, if we really mean what we say when we declare that this house is an independent house and master of its own affairs, such a statute could not be enforced anyway. Who is the policeman who will come in here and enforce the statute on this independent assembly? This is why, when I talk about Charles I and the independence of parliament, I am not talking about some old fusty thing in the seventeenth century.

It is this aspect of the matter which I believe the mover of the amendment and the hon. gentleman have got wrong. I cannot see how these provisions would have any more sanctity if they were established by statute than if they were established by a standing order of this house alone. We discipline ourselves, though sometimes not as effectively as we should. But if our discipline in this house is not effective I do not think it would become more effective if we called in outsiders to discipline us, or purport to discipline us, or make rules for us as though we were children.

It may be that the composition of the present committee is too large. It may be that the composition of all the standing committees is too large for effective work to be done. If all committees were composed of a dozen members instead of 24 members we should not have to wait so long for quorums and it would be possible to concentrate more on getting the work done and on getting it done more expeditiously. With all this I agree. But I say, do not let us abandon the most fundamental of all the rights of the elected representatives of the people, that is, our own corporate independence in this house.

The hon. gentleman said I had been flexible and tried to meet suggestions from whatever quarter of the house they had come. I have done that just as much in this case and I intend to continue doing so. This does not mean that if I am unable to see eye to eye with hon. gentlemen opposite on all of their suggestions I have suddenly changed my character. It simply means that I too have to exercise my own judgment on these matters.

It seems to me we have two principles here, both fundamental principles, but that in this amendment they are in conflict with each other. One is the principle that this house should scrutinize the administration. That is what we are primarily elected to do. With that part of the amendment I completely agree. I do not think we are doing it as effectively as we should and I agree with the hon. member for Qu'Appelle that we should do a better job in controlling, checking and auditing the administration of this country—and I do not use the word "auditing" in a narrow sense. After all, though I went there as a stranger I represent one province in this country which just before it became a province had no elected representatives at all for 13 years—the hon. member for Burin-Burgeo nods—during one of the saddest interludes in the history of free institutions in the British Commonwealth.

They had an efficient government. They had devoted public servants who carried out their jobs according to their lights. But there was no audit, no check on the part of the public. It was a bad system, a wrong system, and we are here to see that it never happens again in this country. But this is our job as the elected representatives of the people and we should do it ourselves by our own activities. We can amend our own rules and if they do not work we can change them again without praying some appointed people elsewhere to change them. Here we have a conflict with the good principle that it is our duty to audit, check and control the administration. But it is our duty to do this ourselves independently, and we do not need to have anyone outside this chamber to do this.

Some hon. Members: Hear, hear.

Mr. Baldwin: I intend to reply on the merits after other hon. members have spoken, but some questions have been asked by the hon. member for York South and by the minister and I think I should reply to them briefly. The hon. member for York South asked whether I would have any objection, as mover of the amendment, to allowing it to stand in certain circumstances. I have no objection to such a course provided it meets the wishes of the committee.

Second, the hon. member asked me to explain why I thought evidence before the committee should be taken in secret from time to time. If hon. members will examine the subclause they will see that this provision would apply only in cases when in the opinion of the committee the evidence was of a secret and confidential nature. As to the reason for this, all hon. members know that time and time again requests are made in committees that certain types of information should not be required because, if divulged, there would be a detrimental effect upon the ability of a witness' business to compete effectively. Such requests have been acceded to time and time again. If a committee says in its wisdom that no matter should be regarded as confidential, I am perfectly prepared to agree. It seems to me the suggestion I have put forward makes possible a compromise which would allow the committee access to the best possible information upon which to base its judgments and recommendations to the house. The C.N.R. has on many occasions requested permission to withhold information.

• (5:30 p.m.)

That request has been acceded to time after time. In connection with the operation of this or any committee under this bill I can visualize carriers, individuals and corporations whose goods are being carried coming to the committee with a complaint but hesitant to make public certain facts and information. There is nothing in the world to stop the parliamentary committee from having that information, considering it and reporting to the house, not on the details but a report based upon the information they have derived. That is why I included this provision in drafting the amendment. If this committee sees fit to eliminate it, I have no objection at all.

With regard to the reason for this provision being in the form of a statute, I would say this. Some mention has been made of Charles I. Today the spirit of Charles I hangs over the collective cabinet of any democratic country. The crown sits over yonder in this chamber. Charles I has been supplanted today by the Privy Council and the cabinet. Your Honour may recall that during the deliberations of the committee on procedure it was pointed out that a committee appointed under our standing orders during a session expires at the end of the session; in other words, we are back in the same place we were before if this is not done by way of statute. A committee is only appointed at the whim of the government when the government wants to introduce a motion to appoint it. Not only this government but any government is in that position. I say this is not good enough.

Mr. Pickersgill: Mr. Chairman, would the hon. gentleman permit me to ask him a question?

Mr. Baldwin: Yes.

Mr. Pickersgill: Does he not think that since we have complete power over our own rules we could change that provision, if we wished to do so, to the life of a whole parliament?

Mr. Baldwin: I should tell the minister that I am speaking on the basis of the information I derived during the considerations of the procedure committee. I was a member of that committee. It was pointed out to the committee—this is one of the things we considered doing—that constitutionally as a body the House of Commons could not do this. There were grave doubts whether it had the right to set up a committee which would sit from the beginning of one parliament to the end of that parliament, with the committee expiring at the end of each parliament.

Mr. Gray: Mr. Chairman, could I ask the hon. member another question?

Mr. Baldwin: Yes.

Mr. Gray: Would it not flow from what he has said that we should have all our rules incorporated by statute which would have to be approved by the Senate?

Mr. Baldwin: No, of course not, with regard to committees on estimates. However, a committee as important as this and others which I can envisage should not be in a position where they come into existence only at the whim of the government. This committee should sit when it wants to sit. It should not have to wait two or three months after the beginning of a session. It should sit because by statute it has the right to sit and has definite, peremptory terms of reference. I submit this is something that cannot be done in any way other than by statute.

If the minister is able to convince the committee that it is possible constitutionally for this house by itself to pass a standing order, and will indicate that it is intended to do so, to establish a committee which can sit from the beginning to the end of a parliament, I would be perfectly happy. But because I have some apprehension that this is not possible and believe that the terms of reference must be provided by statute and the committee established by statute, I have raised this point. We are the most backward of all the older countries of the Commonwealth, and I include also the United States, in our dealing with matters of this kind and giving to the members of this house the right to do things which they not only have the right but the duty to perform.

Mr. Gray: Mr. Chairman, I think, as the minister has said, that there is no question that all members of this house agree with the principle that the operations of the transportation commission should be under the continuing surveillance of the elected representatives of the people.

Mr. Lambert: Of parliament.

Mr. Gray: The House of Commons.

Mr. Lambert: I say parliament.

Mr. Gray: The hon. member says parliament. I have more confidence in the people's elected representatives than my hon. friend seems to have, since I do not think it is necessary for appointed individuals, not accountable to the public, to have something to say about what this house does or, for that matter, about what a particular commission as important as this one has to do.

If an effective surveillance of the work of this commission is required, I submit that the way to do it is not by appointing another special committee but by strengthening the over-all system of standing committees of this house so that we develop a proper system of specialist committees composed of members who have developed an expertise over the years in the subject matter of the committee, backed up by an appropriate professional and permanent staff.

The example of other countries has been brought forward—France, Germany, the United Kingdom, the United States. Their trend is not to set up, piling one on top of the other, further special and joint committees. Instead, what they have done is to create a permanent system of standing specialist committees. The appropriate committee is given the job of looking after all matters coming under the jurisdiction of the legislature pertaining to the subject matter in question, including the operation of their equivalents of this transportation commission.

There is no question that what this House of Commons needs to have at this time is a greater degree of what political scientists call legislative oversight. This is the great lack, the great gap in our present system. The elected representatives of the people clearly must have a greater degree of control and a greater ability to look into and supervise the operations of the bureaucracy which has so much to do with the way the government of this country is carried out. Again I submit that this cannot be done by having a series of

special committees and joint committees dealing with limited subject matters, the members of which have to divide their attention between them and standing committees.

We have already had some experience in the past year and a half under the provisional rule changes of how a surveillance of this type could be effectively carried out by permanent standing committees. The broadcasting committee has already had before it the Board of Broadcast Governors; it has already had before it the Canadian Broadcasting Corporation. Yet it also covers a broad subject matter in the field of broadcasting and the arts. Surely it could continue to do this. Surely the transport committee of this house could do the same thing as it has already begun to do with respect to Canadian National Railways.

To give a further example, the finance committee has looked into the workings of the Expo Corporation. This again, I submit, is the appropriate way to carry out this objective, this aim with which I think we are all in agreement. The thing to do is change the rules of this house, not just to permit a special committee to look into the workings of this commission but to make sure that permanent committees are set up and in operation within a certain period after the opening of a new parliament, that they are given the right to have a permanent staff, not only by special resolution of this house with respect to a particular subject matter referred to it, that they are given the right to set up subcommittees so that a more careful examination may be made of special subjects. In fact, I see no reason why the transport committee of this house could not, under the rule changes I am suggesting, have a subcommittee to pay special attention to the workings of this transportation commission.

It seems to me to be contradictory to talk about giving greater authority to the elected representatives of the people to look after and oversee the workings of the federal bureaucracy, and at the same time make the coming into effect and the changing of the method of carrying out an examination by a special committee subject to the approval or disapproval of a group of people who are appointed to age 75 and are not accountable in any way to the people of this country. I say this is a definite contradiction in terms.

• (5:40 p.m.)

Mr. Chairman, to show that my opposition to the amendment in the particular form in which it is put forward is not merely what might be called by some a partisan approach, I also should like to say to the minister that when do get to the study of the provisional rule changes, with a view to bringing about permanent changes, I hope he will not stress, as he did today, the concept that committee membership is too large. It seems to me that the problem arises not as a result of the size of the membership of the committees but rather as a result of an unrealistic rule requiring quorums when we are merely taking evidence and not making decisions. The present size of the membership of the committees is admirably suited to carrying out the type of function which the hon. member for Peace River wishes to have, because it will make it easier to set up within permanent standing committees, covering a broad area such as transportation, subcommittees on particular subject matters such as the transport commission or other particular aspects such as trucking, railways, air transportation, and so on.

I think the proper approach to this matter would be to have the members of this house agree that we will turn as soon as possible to a further review of our rules in the light of our experience under the provisional rule changes and that there will be no question at that time but that we will conclude this study of the rule changes with a proper system of permanent special standing committees with the proper staff and members who over the years will have developed a certain expertise. In this way we would be able, on behalf of the people of this country, to establish the legislative oversight required to watch over not only the workings of this particular commission but also over federal bureaucracy in general.

We have been talking about centennial presents for the people of Canada. I think one of the finest centennial presents we could give the Canadian people is a modern effective parliamentary system which is truly relevant to the needs of governing a modern technological state such as Canada is today. This should be our aim. This aim will not be reached by going off on a sidetrack such as we would be doing were we to attempt, with every good motive in the world, to set up the type of committee suggested by the hon. member for Peace River in his amendment. This is a sidetrack. This is not what we should be looking for. We should be looking for an approach to a parliamentary system which permits the elected representatives of the people to carry out their duties in a way which is truly relevant to the needs of our society.

Mr. Lambert: Mr. Chairman, I came into the house when the Minister of Transport was speaking. I must confess I found a great deal of his argument to be most specious. I for one find it exceedingly strange to hear from the lips of the minister a suggestion that the matter of the statutory requirement for a committee composed of members of this house should not be referred to the other house. To me that is rather strange, because in essence the whole bill will be passed by the other house. It is not the House of Commons alone which is supreme; it is parliament. Until the Minister of Transport is able to change the constitution of this country, the other house has its official place as a part of parliament. The sooner the minister recognizes that, the better off we will be.

Mr. Pickersgill: Of course it has as a legislature, but not as a body to make rules for our house.

Mr. Lambert: This is not making rules for our house. The amendment proposed would set up by statute a body which would be away from the domination of people like the Minister of Transport who as a member of cabinet can block nominations to and the functioning of any committee. We know, notwithstanding all the pious words of my good friend the hon. member for Essex West, that as the rules now stand it is strictly up to the initiative of the government. I come to the suggestion of the hon. member for Essex West. I certainly support much of what he has said concerning the ideal to be achieved but we must also be practical. He will not stand up in this house and say this, but I can tell him that members of the cabinet in this government, which includes persons such as the Minister of Transport, turned down the proposals of members of the procedure committee who wanted to strengthen the committee system of this house along the lines suggested by the hon. member for Essex West.

The hon. member for Essex West and I work closely together on one of the principal committees of this house. I think we have common objectives in this regard. I find his reasoning, however, in supporting the opposition to this amendment somewhat difficult to follow. As a matter of fact, I think what he is doing is rallying to the party flag on behalf of his party this afternoon. I think he must recognize that in so far as this clause is concerned, which has to do with the examination of the report of this omnibus transport board, it could be delayed indefinitely by the government because any special or standing committee must have referred to it by way of resolution advanced under the sole initiative of the government any matter which is to be considered. Therefore, under the present rules it is simple for the government merely to postpone indefinitely the consideration of any particular item. As a matter of fact, on the question of integration and unification of the armed forces a good number in this house and outside it want to get at that particular subject but the government refuses to do it and therefore effectively blocks consideration of the matter. I know that time and time again in the past there have been occasions when months have elapsed before any committees were set up.

I would have suggested to my colleague from Peace River that the membership of the committee should be from both houses, because this involves a report to parliament.

An hon. Member: Shame.

Mr. Lambert: It involves a report to parliament. If the Liberals want a unicameral parliament, that is one thing. Let them stand up in their place and advocate the abolition of the Senate when the time comes. Under our constitution our parliament today is composed of both the House of Commons and the Senate. I recognize and accept that. Therefore I say that if parliament is to function properly representatives of parliament shall sit on such a committee. After all, our friends opposite today certainly are following the practice of having a good many joint committees this year. Regardless of the views of the hon. member for Hamilton West and perhaps some of his colleagues in respect of the other place, I say that the amendment calls for members from this house and therefore he cannot raise his objection. I would have gone further and said "representatives from parliament".

• (5:50 p.m.)

I do know that it is the Australian practice in this regard and so it is not repugnant to a federal system. There the authority comes from a statute passed by parliament which provides that a committee can sit to examine certain matters and is not restricted by the whims of a minister or the whims of a cabinet. If hon. members feel they should reassert their rights as private members in this house they should support this type of amendment. Some government backbenchers have already objected to the ever-increasing power of the

cabinet. It has taken a great deal of time for the film to fall from their eyes in order that they could see that the sole initiative at the present time lies within the cabinet which dominates this house. The cabinet asks backbenchers to rubberstamp its wants at any and all times. This amendment strikes at that situation because it would establish a statutory committee which would independently deal with certain specified matters as well as other matters referred to it by the house.

This amendment incorporates many of the features the hon. member for Essex West would like to see in respect of our standing committees in relation to staffing and a mandatory commencement date for the functioning of committees. The hon. member for Essex West must convince me and my colleagues on this side that he is able to influence the Minister of Transport, the Minister of Public Works and others who do not share his views before we can accept his suggestion.

Mr. Gray: Would the hon. member permit a question?

Mr. Lambert: Yes.

Mr. Gray: Does the hon. member not agree that if he and his colleagues along with members of the other opposition parties would agree with me and others on this side there would be no question that rule changes could be introduced without difficulty to make sure that committees met forthwith following the opening of a parliament and throughout the year? Would he not agree also that any subject matter we wanted could be referred to the committee without the approval of the government?

Mr. Lambert: I agree that might be the ideal situation, but the hon. member has not convinced me that he is able to persuade the cabinet to accept that principle. I would be the most surprised man in the world if he could do that. I could almost go through the list of cabinet members and indicate those who favour this principle and those who do not. I might make the odd mistake but I would not be far wrong.

This amendment is a thoroughly justified attempt by the hon. member for Peace River, with the support of almost all opposition members, to authorize private members of parliament to oversee the workings of a very powerful board. I am sure this principle has the tacit or implied support of many members of the government backbench. Alternatively, perhaps the hon. member for Essex West would go along with me in persuading the cabinet members to agree to the creation of a standing committee on delegated powers. If he can guarantee to me that such a committee will be established, I am prepared to go along with him, but unless he can do so I think we should accept this amendment in order that parliament may have some control over at least one body with delegated authority.

As a result of the adoption of this bill all sorts of powers will be given to this commission to make regulations, but what chance have the members of this house to review those regulations? The only opportunity we as members of this house could have to make such a review would be through the establishment of a statutory committee or through a standing committee with independent powers. By adopting this amendment we would reassert control by members of parliament over many things in this country. For that reason I fully subscribe to the amendment. I cannot accept any of the arguments advanced by the Minister of Transport against the amendment.

Mr. Schreyer: One could easily infer from the remarks of the Minister of Transport and his colleague, the hon. member for Essex West, that the liberal party is giving subtle notice it is coming around to the view that the Senate should be abolished. With that bit of banter aside, I wish to say that the minister in my opinion was most persuasive and sincere in the point of view he put forward.

Earlier in the debate I indicated I was very much in favour of the amendment proposed by the hon. member for Peace River. I was in favour of it because of my experience as a member of the standing committee on transportation during its consideration of submissions relating to this bill.

The minister will recall an occasion during the committee hearings in respect of this bill when I objected very strenuously to the suggestion that the committee did not have the authority to ask the railway companies for certain statistical information which the railway companies contended fell within the realm of proprietary rights. The officials felt they need not and ought not give this information to that committee. Upon reconsideration I have come to the conclusion that it really would not have mattered in that particular case whether the committee was a standing or statutory committee because it was within the powers of the committee at that time to ask for the particular cost accounting

information, but the committee decided by vote not to require the railway companies to surrender that information. Presumably if a committee were established by statute to oversee the actions and regulatory functions of this new transportation commission it would in its own judgment decide whether or not to ask any transportation company to give certain information which may or may not be proprietary.

• (6:00 p.m.)

Because of the practices of committees of this house in this regard I have come to the conclusion it would be sufficient to have a committee of this house act as the overseer of the actions of the new transport commission. I know that there are a number of good reasons why we simply must have an efficiently functioning committee of this house to look into the actions, regulations, decisions and orders that will emanate from the transportation commission, and it is my fervent hope that this is precisely what will be done in the future.

The Chairman: Order. It being six o'clock and in order that the house may proceed to the consideration of private members' business I do now leave the chair.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty pursuant to standing order 39A to inform the house that the questions to be raised at ten o'clock this day are as follows: the hon. member for Trois-Rivières (Mr. Mongrain), *Labour Gazette* —delay in delivery of French edition; the hon. member for Chapleau (Mr. Laprise), gold mining assistance—northwestern Quebec mining problem; the hon. member for Skeena (Mr. Howard), Post Office Department —alleged tampering with mail by Hudson's Bay Company.

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, I believe I can report to you that there have been some discussions, that it is agreeable that we should continue now in committee of the whole on the item that has been under discussion, and that between seven and eight o'clock the committee should rise for a supper break.

Mr. Deputy Speaker: Does the house agree that the private members' hour be dispensed with today and that the sitting of the house be suspended from 7 to 8 p.m.?

Some hon. Members: Agreed.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed consideration in committee of Bill No. C-231 to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

Mr. Schreyer: Mr. Chairman, I was about to say that while until just a few minutes ago I was in support of the subject matter of the amendment proposed by the hon. member for Peace River, I must now say to him with some regret that I find it really does not make that much difference whether the transportation committee which he envisages is set up on a statutory basis or on the basis of the ordinary rules of this house. What does make a difference—this is a conclusion I have reached on the basis of my limited experience in the last few months—is the membership of the committee and the degree to which the members of the committee wish to exercise the authority vested in the committee by this house.

I believe that during the course of the committee's meetings it was suggested, recommended and submitted on several occasions and from several sources, one of which was the leader of the opposition in Manitoba, the party colleague of the Minister of Transport, that since there was not to be an advisory body to the transportation commission the reason was that much stronger why there should be an effective parliamentary committee to look into all major aspects of the work of the transportation commission and transportation matters generally. If the leader of the opposition in Manitoba had realized the fact that the committee before which he was appearing at the time was the very committee which had voted nine to eight to refuse to require the railway companies to provide certain crucial cost accounting data and information, I am sure he would have been very much disappointed. In any case I stress the fact that in my estimation it is not too important whether the committee is based on a statute or whether it derives its authority from the ordinary rules of the house. What is important is the body of precedent and practice built up over the years by committees

which show a willingness and a determination to exercise the authority given them by parliament to the fullest extent possible.

The purpose of the exercise of this authority is to evaluate properly bills having to do with transportation and to evaluate properly whether or not the transportation commission is fulfilling its functions in an adequate and proper manner. Of course to do that the committee will have to have outside experts. One would hope that with a little bit of encouragement and prodding from this side the government of the day will see fit to provide sufficient funds so that a permanent staff could be provided to carry out the necessary research and economic analysis for this committee.

I believe that the remarks I have just made indicate what my position is with respect to this amendment. I have come around to the point of view that it is not really necessary to follow the particular course of action proposed in the amendment, but it is important that this house and governments which will follow give the transportation committee sufficient encouragement to exercise its authority to the full.

Mr. Deachman: Mr. Chairman, before the amendment is dealt with I want to make a few remarks. I think it should be observed that the establishment of a statutory committee would, first of all, establish a new class of committees in the House of Commons. While I am most fully in accord with the objectives of the hon. member for Peace River in his desire to achieve the best possible oversight of the work of the new transportation commission by parliament, I am not satisfied that the way to achieve this is through the establishment of a new statutory committee and a whole new class of committees in the House of Commons because if we establish one statutory committee then this will simply be an invitation to establish other such committees. Certainly a committee would immediately be demanded for oversight of the Canadian Broadcasting Corporation and other agencies of the federal government.

• (6:10 p.m.)

What would happen to us in this house if we established this committee? The moment it was established all the standing committees, including the present standing committee on transport and communications, would become, in respect of their powers and their terms of office, junior committees and secondary to this new statutory committee. This would be the prestige committee, the top committee of them all. No other committee would have its peculiar powers or term of office. Indeed, even the public accounts committee, which by custom is always chaired by a member of the opposition and which is charged with examining the accounts of the government of Canada as submitted to it by the Auditor General, would not have the powers of office or be surrounded by the statutory protection which would be given to a transport committee such as the hon. member for Peace River envisages. The public accounts committee, which historically investigates the whole of the accounts of the Canadian government and from which we hope nothing could be concealed because all is open to the eyes of the Auditor General, the servant of that committee, is the senior committee of oversight in the House of Commons. However, suddenly, by the establishment of a statutory committee, the position of that committee would certainly be displaced. It would be a junior committee in so far as function is concerned to the committee which the hon. member envisages.

What would happen to the standing committee on transport and communications which we now have once this committee was established? The existing standing committee would be a junior committee, a less desirable committee than the one which the hon. member for Peace River would establish. What would become, sir, of our good friend the hon. member for Hamilton West, who worked so hard for the passage of this bill?

Mr. Bell (Saint John-Albert): Send him to the Senate.

Mr. Deachman: We would send him to the Senate. I do not see him in the house at the moment, but I will convey your thoughts to him. Who would be members of the new committee? Would the members of the present transport committee also be members of this new committee? If that were so, would this committee consisting of 12 members be named by 12 members of the transport committee and would the standing committee on transport really become a subcommittee of the new statutory committee? All these questions would have to be resolved if we were to establish in the House of Commons a new class of committee, a statutory committee, such as the hon. member asks the house to establish.

If this course were followed we would have statutory committees, we would have the standing committees which we established last

session, we would have special committees of the house which are formed from time to time and we would have joint committees of the house and Senate which are formed from time to time.

Mr. Schreyer: Would the hon. member permit a question?

Mr. Deachman: Yes, I would be glad to permit a question.

Mr. Schreyer: The hon. member for Vancouver Quadra has stated that this committee would have a peculiar term of office, a peculiar manner of establishment, and I think everyone agrees. However, I believe he said it would have a peculiar set of powers. Would the hon. member elaborate on that particular point because it seems to me there is nothing special or peculiar about the powers which this committee would have? The powers, in effect, would be no different from the powers other committees have at the present time.

Mr. Deachman: If I understood hon. members who spoke from the opposition side in favour of the bill, particularly the hon. member for Edmonton West, mention was made of giving this committee a special staff and even setting up a permanent secretariat. In this way the committee would be different from other committees of the house. I concur in the remarks of the hon. member for Springfield who says he sees no reason why existing standing committees of the house cannot be brought up to the point where they can do precisely what the hon. member for Peace River wants to do. I concur in that suggestion. I believe, as do a number of people who have spoken on the subject today, that the standing committees should be the senior committees of this house. So far as we are able we should not depart from the procedure of referring matters to standing committees. We should not have so many special committees or joint committees, which we seem to be forever forming. We should send the business of the house to the standing committees.

I believe these committees should have a secretariat. I believe they should have experts to assist them. I do not believe these experts necessarily should be permanent staff members. From time to time chartered accountants, lawyers, engineers and economists should be retained by these committees to assist them with the special matters that are referred to them. In this way the committees would have a capability which they do not have now or have only on rare occasions, to examine the business of government. I believe that the problem of oversight of a government as big as the Canadian government, which is now spending between $6 billion and $7 billion a year, is enormous. I believe the only way by which members of parliament can determine whether or not the proliferation of government services, the increase in government expenditures, is valid and in the public interest is through the committee system.

I do not share the belief of the hon. member for Peace River that it is necessary to establish a new and peculiar class of committee to accomplish this purpose. I believe the committee system that we began to establish last year when we set up committees roughly parallel to each department of government was a proper and valid direction in which to proceed. If we begin now to establish a new class of committee with greater seniority than any of the established committees, we will destroy the very good work we started last year. I believe we must make some amendment to our committee procedures. We must experiment with such matters as quorums, the size of committees, committee staffing, timetables and schedules. However, let us not destroy the useful committee system which we have in this house and which serves us all. I ask opposition members and backbenchers on the government side to put their faith in the establishment and perfection of a system of standing committees. Herein lies the opportunity for members of parliament to move into the future with new powers of oversight over the greater powers of government.

Mr. Herridge: My remarks will be quite brief, Mr. Chairman. I do not want to repeat the arguments of previous speakers. As a matter of fact, I support the arguments put forward by the hon. member for Springfield. I have listened with a great deal of interest to this debate. I must say I have a great deal of respect for the member for Peace River, the member for Qu'Appelle, the member for Edmonton West and the point of view they have advanced. I am sure they have excellent intentions and it is obvious to anyone who has read the proposed amendment that they spent a great deal of time in drafting it in order to meet all the situations they feel should be met in this manner. However, after listening to the debate I must say that the Minister of Transport is on sounder ground.

• (6:20 p.m.)

This is the first time in my experience in this house, which now extends over 22 years, that I have not noticed the heart of a member

of the Conservative party being warmed by reference to precedents established in the reign of Charles I. It is amazing on this occasion to find that it is the old, radical socialists at this end of the house who are responding to this argument while the Progressive Conservative members seem quite cold to it. It has been an interesting experience in listening to debates over a period of 22 years to hear them respond to that argument repeatedly. Times have changed. One hardly knows what will happen in the future.

Mr. Pickersgill: Mr. Chairman, I wonder whether I could interrupt the hon. gentleman to ask for an interpretation of his remarks. Did he think that I had taken over from the Leader of the Opposition as the bearer of King Charles' head?

Mr. Herridge: No, I did not think that. I would answer by saying that the atmosphere of debate is so constructive and amiable that I will do nothing to destroy it. However, I think the minister was on sound ground when he referred to the precedents established in the mother of parliaments where, whatever our opinions may be with respect to other matters, we must realize that freedom was established and that throughout the centuries we have enjoyed the benefits of it, even though some people refer to the mother of parliaments as the haughty mother of parliaments.

This amendment is an attempt to change the constitution by the side door by providing for the establishment of committees on a statutory basis. I think this is very unsound indeed, and this is why I want to express my point of view. In my opinion, Mr. Chairman, what we need to do is to change the rules. The rules were changed two years ago and there has been a rearrangement of our committees. We know we have to reconsider the provisional rules. Some of the rules are not functioning very well and require amendment and possibly there will be amendments with respect to the committee system. But I am confident that if we review our experience over the past year or so with the rules of this house and the committees as they are established, we can devise rules which will meet satisfactorily the changing circumstances of our times and the future. I am sure of that.

I suggest that this is where we must make provision for committees that function to the satisfaction of parliament as a whole, to the satisfaction of members on the government side as well as members of the opposition. Committees should be appointed on the basis of drawing on the best of our experience in the past two years and the provision of competent staff to deal with the particular circumstances that any committee is appointed to study. This is what we should do, and in conversation with the hon. member for Edmonton West I think he agreed that one of the essentials was to change the rules so that they suit the times in which we are operating. But let us do nothing on this occasion to destroy the independence of this house by, shall I say, a very well-intentioned attempt to appoint committees on a statutory basis.

Mr. Brand: Mr. Chairman, I should like to make a few remarks on the amendment now before the committee because I believe it is of the utmost importance. The principle suggested in the amendment has implications which have already been indicated and extend far beyond the most important bill now before us.

In my short tenure in this house I have been made increasingly aware of the frustrations and restrictions which are placed on the members of this house. More and more we see a complex bureaucratic machine running the affairs of this country. More and more we as members experience difficulty in obtaining information from certain government corporations, commissions and boards. This is why I think the proposal to establish a statutory committee which will be more effective than the present committee system is of the utmost importance.

I believe that the hon. member for Essex West made reference, for example, to the C.B.C. The hon. member for Vancouver Quadra went so far as to suggest that if this statutory committee were created requests would be made for such a committee to deal with the C.B.C. and its difficulties. I think that this is exactly the problem. I sat through 31 or 32 meetings of the broadcasting committee which dealt with that circus that became known as the "Seven Days" affair, and where are we so far as that corporation is concerned? We are back where we started. We have looked at the estimates of the C.B.C. and the B.B.G. has been discussed, but we have still been unable to do anything at all about the problems of the C.B.C.

Is this what is going to happen to the new transportation commission, Mr. Chairman? I sincerely hope not. Certainly I have never heard in this house so much agreement on a proposal before the house and such disagreement as to the method of implementing the proposal.

On reading the minutes of the proceedings of the committee on transport and communications at the time it was studying the bill now before this committee I found some comments which are very apropos. They were made by Mr. Charles W. Gibbings, president of the Canadian Co-operative Wheat Producers. I do not think there is any argument that this particular group uses more transportation, particularly in rail form, than any other group in Canada in view of the number of bushels of wheat that are sent to the seaboard from the prairies. This group felt very strongly about a particular question posed, which is to be found at page 1886 of the proceedings of that committee. Mr. Gibbings was asked whether there was any concern about the will of the people not being effectively heard by the transport commission, and I should like to quote his reply:

> This is our concern, that if the commission is almost totally isolated from the views of the general public it is possible for them to become overgrown with the tangle of technical preconceptions to the point where they do not see the broader picture.

Mr. Gibbings was there expressing concern such as I have heard expressed on both sides of this house tonight. When he was asked whether he would like to put some other board or committee between the communications source and the people and the transportation commission, he made this reply. In his answer he is also referring to a method used in the legislature of Saskatchewan which has proven to be effective:

> Once each year, as you have indicated, the operations of the crown corporations are examined in considerable detail and reported to the press, and, therefore, to the public and to the members of the legislature; and as a consequence I believe the management of the corporations are more sensitive to the views and requirements of the public than would otherwise be the case.

• (6:30 p.m.)

It seems that there are many instances and that many people are concerned. I am sure that the minister who was present at that meeting of the committee is aware of this organization's concern about this matter. It is afraid that the public, through their members of parliament, may not have the degree of say in the running of the transportation industry that they would like to have and by right ought to have.

This matter, as has been suggested, goes beyond the bill. It involves the sovereign rights of parliament, the right of members of parliament to get information and express views to numerous boards, crown corporations and the like. Under the present committee system when members attempt to get information they just do not get it. There is always a reason. The matter is an internal one that should not be discussed or there is the question of competition. Organizations say, "We do not like to give this information out because of competition." It is for this reason that the hon. member for Peace River in his amendment refers to secrecy and the taking of evidence in private. He has a valid point. If a person is asked for information which can be used to the disadvantage of his concern, that information should be given in private.

We have run into the problem in committees of the house of getting information from crown corporations. The classic example is where one asks for artists' fees. The Canadian Broadcasting Corporation says that as a matter of policy this information is not to be given out. Surely we, representing the people of Canada, should know how the money supplied from the taxes of the people is spent. I believe that the concept of a statutory committee is entirely new. It is also a worth-while concept. Whether new or not, such a committee appointed by act of parliament would, I hope, probe into matters affecting crown corporations, boards, and what have you.

It has been suggested that the committee would be a prestige committee. I do not think members of the house worry about that aspect and in my view such criticism is not valid. I should not, for example, wish to sit on the committee as I do not pretend to know much about transportation problems. But there are others who are experts. We already have a selection committee which chooses committee members. There could be agreement, among the members of the selection committee, and the members of the committee in question could be appointed in the manner that members of the standing committees are now appointed.

I do not feel competent to comment on the minister's statement that by having a committee established by statute we should be giving up some of our rights to the other place. I have not done any research on this point but I hazard a guess that I could probably find one or two instances where the other place has passed upon matters of real concern to the House of Commons.

In closing I wish to quote the eloquent words of the hon. member for Peace River on

December 20, as reported on page 11392 of *Hansard*. He said:

> The scope of the act is enormous, and equally vast will be the overriding supervisory authority of the transport commission. Let there be no doubt that if this bill is passed without any material change we shall have surrendered to those men who will compose the commission almost complete authority over a variety of subject matters in the field of transportation which so deeply affects every Canadian and every part of Canada.

Those words eloquently sum up the problem before the committee at the moment. At page 11394 the hon. member went on to say:

> I feel a small committee of this kind, established under statute and its powers given under statute, will be able to exercise the type of watchdog function which is going to be essential if this parliament, composed of the representatives of the people, is going to retain some measure, not of control, not, I suggest, as an appellate tribunal, but simply the power to see what is happening; the power to see the impact and the effect of the regulations and functions which this transport commission is going to exercise.

He went on to say:

> I suggest, therefore, the establishment of this committee is the most effective means presented to the House of Commons whereby we can continue in a proper way our right to evaluate, to examine, to criticize, and to suggest.

I suggest, from my experience on standing committees of the house during my brief tenure here, that if the new commission appears before the kind of committees operating now the value of that appearance will be open to serious doubt. Citing the example I used a few moments ago of the Canadian Broadcasting Corporation, I suggest that in many ways we may be abrogating our responsibility to the people of Canada by giving it up to the multiplicity of boards and corporations being set up. I urge the minister to reconsider the matter and to look carefully into this sensible and timely amendment.

Mr. Pickersgill: Several members not present wish to speak on this amendment. To give them an opportunity to speak and to make a little progress, I wonder whether we could not agree to let this amendment stand. Could we also let the commodity pipe line part stand and go to clause 29.

Mr. Thomas: Mr. Chairman, there is a matter that I wish to bring up under this clause.

Mr. Pickersgill: I am aware of the hon. gentleman's desire, but if the clause was stood he would not forgo his right. He would have the same privilege of speaking on it when it comes up as he has now. In any event he cannot put his matter before the committee now as we have another amendment.

The Acting Chairman (Mr. Richard): Is it agreeable that the amendment stand?

Some hon. Members: Agreed.

Amendment stands.

The Acting Chairman (Mr. Richard): Clauses 22 to 29 are to stand?

Mr. Pickersgill: Clauses 22 to 28. Could we go on with clause 29.

Clauses 22 to 28 inclusive stand.

Clauses 29 to 32 inclusive agreed to.

On clause 33—*Tolls and tariffs.*

Mr. Bell (Saint John-Albert): Mr. Chairman, I am not sure whether this is the right clause—

The Acting Chairman (Mr. Richard): Is this on clause 33?

Mr. Bell (Saint John-Albert): No. Without getting into a constitutional problem I wish to raise something the minister mentioned the other day. Does any obligation rest on a person who applies for a federal licence or permit to produce a provincial licence first?

• (6:40 p.m.)

Mr. Pickersgill: I am not altogether familiar with the actual operations of the provincial boards under the Motor Vehicles Transport Act—I have found the name of it and remember it this time. What this parliament did was to clothe these provincial bodies with federal powers. As I understand it they can issue licences for carrying on a transportation business within a province and beyond a province—within a province under provincial jurisdiction and beyond it under the jurisdiction given by this parliament. But I confess I am not familiar with the details of the mechanics of the process because I am in no way responsible for it. It is not intended to disturb these arrangements unless decisions of the courts or other situations which arise make it necessary to do so.

If this clause should come into operation it is my understanding that a motor vehicle undertaking which was solely engaged in interprovincial transport would go to the federal commission to get its licence but not the licences to run its vehicles; those would still have to come from the provincial authority. But the licence or the charter for interprovincial business would have to come from the federal authority. This would give no authority to do business solely within a province. The

situation would be exactly that of the railways at the present time. This parliament has no jurisdiction at all over railways running solely within a province and chartered by a province.

Mr. Bell (Saint John-Albert): In other words, the federal authority has no right to require any applicant for a federal licence to produce a provincial permit? The federal authority has no right to inquire whether a particular applicant has a provincial permit of another nature?

Mr. Pickersgill: No, but I would think they would find out whether it was a provincially incorporated company. The company would probably do federal business, though I do not know about that, and they would find out before they gave it a licence to do business for them, I hope, that it had some capital, that it had some machines to carry out the business and that those machines were properly licenced to travel on the roads, and so on. But in no way whatever could this infringe upon anything which was under the jurisdiction of any provincial legislature.

Mr. McCleave: Could the minister elaborate further and advise us whether there is anything under clause 32 or clause 33 which involves the collection of money for such licences?

Mr. Pickersgill: I am sorry. I did not hear the hon. member.

Mr. McCleave: I was wondering whether anything in clause 32 or clause 33 would authorize the collection of moneys from such licensing.

Mr. Pickersgill: It certainly is not expressly included. I do not think that is envisaged.

Clause agreed to.

Clause 34 agreed to.

On clause 35—*Regulations.*

Mr. Bell (Saint John-Albert): Perhaps I should have asked this question on clause 31, but it has to do with regulations. Why did the hon. member for Port Arthur not move his amendment to a clause in this part of the bill rather than to a clause in the previous part? Does the minister know?

Mr. Pickersgill: It is because the amendment moved by the hon. member for Port Arthur applies not just to trucking and one other mode but to any of the modes of transport. If a railway wishes to buy a pipe line, or if a steamship company wants to buy an air line, it would apply equally. It applies to all modes of transport under the jurisdiction of parliament and therefore it seemed appropriate to make it to the clause dealing with the commission. Though we all know it was brought about mainly because of the trucking situation and that it is mainly desired by those in the trucking business, it was thought preferable to make it of general application.

Mr. Schreyer: Before we leave part III I should like to ask the minister whether the provisions of this part of the bill are intended simply as a standby or whether there is any part which is to be proclaimed soon as having the force of law?

Mr. Pickersgill: The Prime Minister has given an assurance to all the provincial premiers that we have no intention of putting this into effect at the present time or at any early date. We wish to have a conference with the provinces on the meshing of the provincial and the federal functions in this field.

These undertakings will be carried on over roads belonging to the provinces and I do not think the proposals will work at all without a reasonable measure of administrative co-operation. We do not want to disturb the present arrangements without cause but there have been one or two decisions in the courts which suggest it may be impossible for these provincial agencies to exercise the jurisdiction of this parliament effectively in certain contingencies. Because these decisions have been reached, because these cases have arisen and because the present legislation is before us, it was thought wise to ensure that we should not find ourselves suddenly in a state of legal anarchy such as we found ourselves in after the Privy Council decision of 1954.

Mr. Schreyer: I realize there is little that can be gained from asking hypothetical questions, but I assume the minister is involved in some long-range planning and prognostication where transportation is concerned. Can he tell us whether it is the long-range intention to repeal the present legislation with respect to interprovincial motor vehicle transport or to implement part III, or would the minister not care to answer?

Mr. Pickersgill: I do not mind answering though I am afraid the answer will have to be negative. It has not been possible for me to address my mind to a problem so far ahead; it is the short term I have been trying to deal with. But I do feel we ought to take precautions where we can in this situation. It may

well be that the time will come when this will seem a reasonable thing to do, but there is no plan for taking action of this kind at the present time.

Clause agreed to.

Clause 36 agreed to.

On clause 37—*Changes or alterations.*

• (6:50 p.m.)

Mr. Herridge: I realize that this refers to companies. We know that companies are formed to own and operate bridges. Could the minister explain how this clause would be implemented? Some bridges are owned by provincial governments, some by companies formed for that purpose and then there are some companies that own a bridge and lease the operating rights to another company. Can the minister tell us how this clause will operate when the bill comes into effect?

Mr. Pickersgill: To tell you the honest truth, Mr. Chairman, I cannot. One of the reasons this part is in the bill is that the Minister of Transport is charged with the administration of these functions, and this Minister of Transport does not even know when they arise or how. This is a straight buck-passing proposition. All the bill is doing is transferring this responsibility to the Minister of Public Works so the Minister of Transport in future will not have to do it. This provision is not making any new law; it is just transferring the present law from one minister to another.

Most bridges, of course, it will not affect at all. There are only certain bridges that will be affected. I presume they must be interprovincial or international bridges, because I would not think a bridge wholly within a province, even if it was owned by the government of Canada, would be affected unless it was declared to be a work for the general advantage of Canada. I am looking at the hon. member for Carleton. It looks to me as though he is just dying to put us straight on this matter. If he is, I would be very glad to be rescued.

It seems to me that a bridge which goes from one province to another is clearly an undertaking beyond the jurisdiction of a provincial legislature, because they have no extraterritorial jurisdiction. The same would be true of an international bridge. There is a provision in the British North America Act that a work can be declared a work for the general advantage of Canada. If it is, it is under the jurisdiction of this parliament. I cannot envisage any other bridges that would be. Even if they happened to be owned by us, I would imagine they would in the normal course comply with the ordinary laws.

Mr. Bell (Carleton): Mr. Chairman, I would not undertake such a difficult task as to put the minister straight on all things, as he suggested, but I would ask him whether the government has any plans for general international bridge legislation. I raised this matter earlier in connection with a private bill advanced during this session. Some years ago a considerable amount of work had been done on general international bridge legislation of a standard character. It seemed to me that we should come to such a bill. I do not mean this particular bill, but I believe we should have a standardization of the conditions under which international bridges are built and operated. The present assistant deputy minister of energy, mines and resources, who was then assistant secretary to the treasury board, Mr. John MacDonald, was I thought the greatest expert on bridges I had ever known. I hoped he would be given the opportunity to advance this idea and present legislation which I believe is long overdue.

Mr. Pickersgill: I think there is such a bill, as the hon. gentleman says. I think it is in the works somewhere.

Mr. Bell (Carleton): It has been in the works for at least four years.

Mr. Pickersgill: As a matter of fact, this matter goes away back to the time of the Rainbow bridge or the Honeymoon bridge, whatever it was called, over the Niagara river which collapsed in 1937 or the beginning of 1938. It was just about the time I first came to Ottawa. In those days there was supposed to be a Liberal government in Toronto as well as in Ottawa. The relations between them were sometimes not diplomatic, and some question arose about whether they needed any permission to build the bridge. There was a real shemozzle over it. I think it was at the time that Max Wershof and I were in external affairs, or I was in the prime minister's office and he was in external affairs. We took a great interest in this question. That is how it really got started. It has been making progress ever since.

The hon. member for Carleton was in government, as was the hon. member for Ontario, though for a little longer than the hon. member for Carleton. I think they both know there are a certain number of legislative projects that are raised every year, and then you sit in

the cabinet—I am revealing cabinet secrets but they are not very secret secrets—and you say: This has to go through now and that has to go through, now. This good old bridge deal will be saved for some Friday afternoon when there is nothing else to do. And the Friday afternoon never comes. A great deal of good, useful legislation that in the long run would save a great deal of the time of both houses of parliament and the government is not passed for this reason. I agree heartily with the hon. member for Carleton.

Clause agreed to.

Mr. Pickersgill: Mr. Chairman, I wonder whether I might suggest that we rise, report progress and ask leave to sit again later this day.

Some hon. Members: Agreed.

The Acting Chairman (Mr. Richard): Pursuant to agreement made earlier this day I do now leave the chair. The committee will resume its proceedings at eight o'clock.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 8 p.m.

The Chairman: Order.

On clause 38—*Tolls on international bridges.*

The Chairman: The committee will resume consideration of Bill C-231. We are on part V, clause 38. Shall the clause carry?

Clause agreed to.

On clause 39—*Directors may make traffic agreements.*

Mr. Thomas: Mr. Chairman, I may be a little ahead of myself—

Mr. Pickersgill: I think perhaps the hon. gentleman is. If we might carry clause 39, he could then move his amendment.

Clause agreed to.

Mr. Thomas: Mr. Chairman, I have an amendment I should like to suggest. I believe it would be numbered as new clause 39A, copy of which has been handed in at the table. Originally we intended to move it as an amendment to clause 20 and number it 20A. It was considered wiser, however, to bring it in at this stage of our consideration of the bill. The amendment seeks to provide the commission with power to lay down the conditions under which abandonment can take place.

During previous sessions private members bills have been introduced to this effect. Invariably time did not permit a decision to be reached in respect of any of these attempts to establish this principle in our railway legislation. It is a principle which should be established, because where abandonment is carried out in an unplanned and unregulated manner some very unfortunate experiences occur in various parts of the country. I might state again the experience we had in my part of Ontario when the New York Central Railway abandoned their Courtright line which extended across the counties of Lambton, Middlesex and part of Essex. The business on the line had diminished until there was very little operation of the railway. The company was granted permission by the Board of Transport Commissioners to abandon this line.

For a number of years before abandonment took place the company had neglected to keep the fences and other equipment along the line in repair. When they were granted permission to abandon the line they tore out the rails, the ties, and any usable culverts. The fences were wrecked by the power machinery used to demolish the structures along the line. The line when abandoned was left in terrible shape. It became an eyesore and a nuisance to the whole area it crossed. Whether or not they have had farming experience, I am sure hon. members will realize that when a railway line crosses a rural area it separates the farms into two parts part being on one side of the railway line and part on the other side. So long as the railway line is in operation the Railway Act provides that the railway company at its own expense shall maintain the fences along the right of way and shall provide drainage from one part of the farm to the other; that is, the railway line is not permitted to impede drainage of any kind. Each farm must be provided with a properly maintained crossing across the railway line.

The Board of Transport Commissioners has ruled that once a line is abandoned they have no further jurisdiction over the right of way. In this case it reverts to the status of any other property held in the province or in the municipality. Any rights, privileges, and protection which persons along the railway previously had enjoyed under the Railway Act disappear. The farmers cannot cross these rights of way, fenced or unfenced, without

trespassing. The fences fall down; they are allowed to deteriorate; livestock can wander at will, and the right of way grows up in brush and weeds. No one can do anything about this, and that is the point I wish to stress here.

Questions have been raised concerning the competence of the parliament of Canada to deal with this matter, on the ground that once a right of way ceases to be used as a railway it then reverts to the status of private property, and comes under provincial jurisdiction. I submit there still remains a question concerning jurisdiction over these abandoned lines. I am not learned in the law and therefore I am not in a position to argue the case. However, from a common sense point of view, and speaking as one who has seen and experienced what happened in southwestern Ontario when this Courtright line of the New York Central Railway was abandoned, I say there is a gap in our railway legislation, if this parliament does not have the jurisdiction to legislate in this regard.

• (8:10 p.m.)

If the parliament of Canada does not have jurisdiction in this regard, who does? Can we say that provincial governments can enter the field of legislation concerning railways? I do not think that would be admitted. This parliament should go as far as it can to see that this gap is properly filled. We have authorities in this country to tell us when we get out of line and when we in this parliament exceed our authority, and I refer particularly to the Supreme Court of Canada. We should not stop short of the Supreme Court of Canada in our attempt to make sure that this parliament carries out its full responsibilities to fill this gap which is apparent in our railway legislation.

For that reason I should like to move this amendment:

That Bill C-231 be amended by inserting immediately after clause 39 on page 23 of the bill the following as clause 39A:

That section 168 of the Railway Act be repealed and the following substituted therefor:—

Section 168. The company may abandon the operation of any line of railway with the approval of the commission and upon such terms and conditions subsequent as the commission from time to time may by order provide, and no company shall abandon the operation of any line of railway without such approval or do, cause or permit to be done any matter, act or thing contrary to, or omit to do any matter, or act or thing required by, the terms and conditions so provided.

Section 168 of the Railway Act is a very short and simple section which reads as follows:

The company may abandon the operation of any line of railway with the approval of the board, and no company shall abandon the operation of any line of railway without such approval.

Let me point out that when this act was passed many years ago there was no problem as to the abandonment of railway lines. The present program of abandonment, including several abandonments which have taken place, is a clear indication that we are entering into a new era of railway regulation. The very fact that we are setting up a new transport commission and overhauling pertinent acts is an indication that a new era of transportation has arrived. The time to give consideration to the filling of the gap in our legislation is now, while we are setting up this new act, which leaves open the matter of abandonment. I submit that the new commission should have the power to lay down the conditions under which abandonment may take place.

In this connection I suggest to the minister that one of the conditions for abandonment should be the appointment of an abandonment planning board for each line to be abandoned. This board should be representative of the various interests which will be affected. Such a board should have on it representatives of the railway company, the municipalities and others concerned. This abandonment board for each abandoned line should have the responsibility of recommending to the transport board, or in this case the new commission, the conditions under which abandonment could be permitted. The recommendations should concern the best disposition of the right of way in the public interest and in the other matters of vital public concern.

Where the right of way separates farm lands, that right of way should be restored wherever practicable to the farm lot from which the land was originally taken. This would eliminate the nuisance of having parts of farms separated from each other, and would permit the farmer in each case to reincorporate the right of way to the best possible advantage of his farm, and to control drainage and weed menace.

Larger areas of property such as those in townsites should be disposed of in the best public interest, after consultation with the municipalities concerned. It is proposed that whenever an application for abandonment is granted by the transport board, or the new commission, a waiting period should be allowed during which such a representative

abandonment planning board as suggested could prepare a plan for abandonment. The services of municipal and provincial planning boards should be used where available. Conservation authorities at various levels of government should also be consulted. There is no sound reason why we should now abandon these railway lines in such a way as to leave ghost towns and unsightly scars across the face of our country.

Let me read one paragraph of a letter from the vice-president of the Canadian National Railways dated July 9, 1963. I wrote to the Canadian National in respect of a bill which I had on the order paper at that time, asking for comments. The paragraph reads as follows:

> I thought I should tell you that it is the policy of the company that where a line has been abandoned, endeavours are made to dispose of the excess right of way by either transferring it to some public authority which may desire it, such as a provincial highway department or a municipality, or else offer it to the adjoining landowners at a reasonable price. There may, of course, be other occasions where the land is retained in the company's name because of possible future industrial development. While it remains in the railway's possession we endeavour, of course, to comply with the applicable provincial laws and also cooperate with the farmers in the area to prevent cattle wandering, by extending fences, and so on.

That letter is signed by Mr. R. T. Vaughan, vice-president of the Canadian National at that time.

This would indicate that the railways are cognizant of a deficiency in our abandonment procedure.

I urge the minister, the government and members of this committee once again to give this matter serious consideration because this means a great deal to those areas where these abandoned lines may create great nuisance to the many people concerned.

• (8:20 p.m.)

Mr. Pickersgill: Mr. Chairman, as the hon. member has said, on several occasions he desired to have this house and this parliament enact, as a separate amendment to the Railway Act, this particular proposed amendment to the bill. I have the greatest sympathy with the objective which he has in mind. It is bad enough to have a railway line crossing a farm and cutting it in two, but when it ceases to be a railway line and is just a nuisance I can understand how the farmers feel about it.

I would be very sympathetic indeed with the objective of the amendment, but the best advice I have been able to get is that the probability of the courts deciding that once the railway line is abandoned and is no longer used for railway purposes, although it was owned by a railway company, that it would be under the jurisdiction of parliament, seems very doubtful indeed. It would seem to be almost certain that any legislative provisions with respect to the disposition of such property would be matters of property and civil rights and therefore come within the exclusive jurisdiction of the provincial legislatures.

We would be very loath to purport to enact legislation which perhaps would arouse hopes when we ourselves did not really have much confidence that it would be the law, and knew that it would merely be an expression of a pious feeling. For that reason I would hope that the hon. gentleman would not feel inclined to press the amendment.

to press it unduly, but I would like this principle to be given the fullest possible consideration and possibly be referred to the Supreme Court of Canada for a ruling. Hon. Mr. Justice Rand, on page 290 of the Canada Supreme Court Reports for 1958, in speaking of section 198 of the Railway Act, wrote the following:

Mr. Thomas: Mr. Chairman, I do not want

> An extraordinary power itself created by parliament which, being its creator, can modify it to whatever extent or in whatever manner may be considered advisable.

It is difficult to convince these farmers that when the House of Commons can pass legislation permitting a railway company to come to their farm and forcibly take a strip across it, and lay down the conditions under which this railway company must protect the rights of the individual land owner as long as that railway is in operation, it cannot compel abandonment in an orderly manner.

I would like to see this matter referred to the Supreme Court of Canada in order to confirm once and for all that the parliament of Canada has the responsibility to lay down railway legislation covering interprovincial railway lines. Before that railway line is abandoned, certainly it is under the jurisdiction of parliament, and while that jurisdiction remains with parliament why can not parliament, through the commission which it sets up, lay down the conditions under which abandonment may take place? If the railway company cannot see their way clear to abide by these conditions for abandonment as laid down, they do not get permission for abandonment. Therefore it seems to me that the

responsibility to lay down the conditions under which abandonment should take place lies with the parliament of Canada, and it can be done after full consultation with the provinces and municipalities. I would assume that the provinces and municipalities would be only too glad to confer to this end with the parliament of Canada to see that these abandonments are properly planned and carried out, so as not to create a nuisance to the property owners along these rights of way.

Mr. Horner (Acadia): Mr. Chairman, I would just like to say a word or two in support of this amendment. I agree completely with the last few remarks made by the hon. member for Middlesex West. We must realize that the granting of the right of way was given by the parliament of Canada, and I see no real reason why it could not be written into this bill that this be one of the conditions of abandonment. I see no reason why the commission should not lay down regulations regarding the use of the right of way, because when one looks at this problem he sees that the adjoining farmlands—and I wish to deal with the question of farmlands first—have a caveat against the railway's right of way, because the railway has no right to disturb the drainage of the adjoining farmlands. Therefore the railway has a moral obligation to recognize this unwritten caveat, and as long as it uses that right of way it has to observe the conditions under which it can use it, namely that the drainage of the land must not be disturbed and that access across the right of way is given. If railroad is abandoned, then that piece of land is either abandoned, remains the property of the railroad or else is sold to a real estate company or sold back to the farmer.

However, if, for example, it is sold to a real estate company in an industrial area or a suburban area of a city, then immediately the problem of drainage of adjoining land will arise, or else the access or right of way to the farmland will be disturbed. This is what happens in areas adjacent to cities.

• (8:30 p.m.)

This amendment suggests that the commission shall set up returns on which an abandonment can take place. I wholeheartedly support it because land should not be granted by parliament and then, after the use for which parliament granted it has expired, turned over to somebody else without some recognition of the conditions upon which the grant was given. Surely this is what the hon. member is requesting in this amendment. I do not believe it is too great a demand. The commission should study this problem and, in cases where it is important, lay down some conditions for the abandonment which would have regard to the adjacent lands through which the right of way runs. I do not believe this point has to be ruled upon by the Supreme Court. I believe parliament could enact a provision asking the commission to shoulder the responsibility of making sure that all parties operating land adjacent to a railway right of way which is abandoned are treated fairly and that some recognition is given, in a sense, to the caveat which was placed against the right of way in the beginning.

Mr. Korchinski: This clause in the bill is going to be one of the most difficult for those affected by abandonments to understand. Up until the time the railway—

Mr. Pickersgill: I wonder if I might raise a point of order, sir? We have not reached, as yet, the clauses in the bill dealing with rail line abandonment. I hope we will wait until we get to those clauses before embarking on any general discussion of rail line abandonment.

Mr. Korchinski: I am sure that I will be allowed to comment on the amendment suggested by the hon. member for Middlesex West. People who have had a railway line going through their property will find it difficult to understand how a government which, in the first instance, allowed the railway to trespass upon the land, if you want to use that term, would pass legislation allowing abandonment of the right of way without making some determination as to the ownership of that property. The railway does not really own it, in the sense that if anybody trespasses upon it they can say: You will be subject to a $25 fine.

How long is this situation going to exist? Is it going to exist forever? Is this situation going to exist for five years or 20 years? This bill does not provide any solution to the problem. Obviously, we will allow the railways to pull out their tracks, but we will not allow them to go there to cut the grass or get rid of the weeds. However, we will allow the railways to say they have the right, whenever somebody trespasses, to stop that person and this situation could continue for 20 or 25 years. This is not a situation we should allow to exist. Somewhere along the line the commission must be permitted to make a judgment within a limited time or we must insert

in the bill the amendment suggested by the hon. member for Middlesex West. Then, the railway right of way could revert to the adjacent property owners or to a municipality. Some provision must be made to allocate this property to someone. We must not allow this property to be left in the hands of the railways, who no longer really want it. This is the point I want to raise at this particular time. The railways must either make use of the land or wash their hands of it. We must make provision in the legislation for the disposition of the land, and this is all we are asking of the minister at this time.

Mr. Douglas: I think there is a great deal of merit in the amendment proposed by the hon. member for Middlesex West. The minister has raised the question of whether or not this parliament has jurisdiction to deal with the land which constitutes the right of way after it has ceased to be a railway. As I understand the intent of the amendment, what the hon. member is suggesting is that while this is still a railway, as a prior condition to the railway being allowed to abandon the right of way, conditions shall be laid down as to the disposition of that land in order that it might not be an eyesore, in order that it might not cause bad feeling, and particularly that it might not cause inconvenience to the persons who have land adjacent to that right of way.

It seems to me this is a logical position to take. I believe that this parliament would have no jurisdiction over this right of way after it has been abandoned, but surely this parliament has the authority to give to the commission the power to set down terms and conditions under which an abandonment will be granted. I am not a lawyer and neither is the minister. It may be that he has sought legal advice on this point. I should like to urge him that he might want to let this matter stand until we have gone into the whole question of railway abandonment.

I agree with the minister that we should not get into a debate on railway abandonment at the moment. I am sure the minister must appreciate the fact, because he has given a great deal of thought to this question, that where there is railway abandonment there will have to be some machinery set up for disposing of the land. Almost endless controversies could begin. The railway might say, for instance, that they will give the land to persons adjacent to it at a certain price. Who is going to adjudicate that price? If someone else not adjacent offers a higher price, will the railway grant it to him? If that is done, there will be a wedge of land separating a farmer's property which is owned by someone else. There will be endless litigation, as well as problems about municipal roads and provincial highways.

Surely some authorized body will have to have power to make these decisions. It seems to me a sensible thing to say that the commission which is going to grant approval for abandonment should lay down these conditions. It may be that the minister has some other machinery in mind. I hope now, or when we deal with railway abandonment, the minister will tell the house how he proposes to deal with this problem. I recognize it is complicated but I can assure the minister it is one of the things about which the areas affected are now, and will be even more concerned when railway abandonment begins.

I think the suggestion contained here has real merit, although there may be some change necesssary in the wording. If, for example, we were to take out the words "from time to time", the conditions may have to be laid down once and for all at the time approval for abandonment is granted. Or, as was suggested by the hon. member for Mackenzie, some body may be set up which would lay down these conditions and then supervise the process of abandonment in order to see that those conditions are complied with. But there has to be some machinery for dealing with this question.

• (8:40 p.m.)

I have had a little experience of this matter because in the constituency I formerly represented in a provincial legislature there has already been some abandonment, and I can tell the minister that the situation is a sorry mess.

Mr. Pickersgill: May I ask the hon. gentleman a question solely for information. In any of the abandonments which took place while the hon. member was in the government of the province, did the province ever seek to assert jurisdiction over that property and to legislate with respect to it, or make any disposition of it?

Mr. Douglas: We were not faced with that immediate problem because all that happened at that time was that the railway services had been discontinued and application had been made for abandonment; so the actual problem was not before us. But certainly a good deal of study had been given to the question by the

Department of Municipal Affairs, the Department of Highways, and the Association of Rural and Urban Municipalities.

Since that time I know there has been no clear-cut, well defined policy for dealing with some of the lines which have been abandoned. I hope that either now or when dealing with railway abandonment the minister will tell us what he has in mind, because it cannot just be left up in the air.

Before the minister rejects the amendment moved by the hon. member for Middlesex West I hope he will agree to let the matter stand until we have some satisfactory alternative to put in its place.

Mr. Pickersgill: Mr. Chairman, I should like to say a few words about this matter. It appears to me that without the amendment at all it would be quite competent for the commission to get the voluntary agreement of the railway to dispose of the land in a certain fashion. Such legal advice as I have been able to get has not been conclusive, of course. As the hon. gentleman knows, the courts sometimes differ with law officers of both federal and provincial governments. and sometimes legislation is enacted which turns out to be ultra vires.

However, Mr. Chairman, when one has the gravest doubts in his mind, as is the case at the present time, I think that any legislation we would enact which would purport to lay down conditions for the disposition of this property after it had ceased to be a railway would very probably have to be decided by the courts. If someone tried to enforce these conditions on somebody who did not want to carry them out, then it might very well turn out that they were beyond the competence of this parliament to enact. If we did this, then all we would have done might have been to mislead a lot of people and involve them in useless litigation.

For example, if the Canadian Pacific Railway applied to abandon a certain line, and the commission said "Before we are prepared to do this we would like to know what you are going to do with this property afterwards", and the company quite voluntarily agreed to a certain disposition, and then the commission delayed the hearing because it felt it was not in the public interest to act until it knew what was going to happen, then I have no doubt in my mind that it would be perfectly feasible to reach an arrangement, and this would not require any legislation at all. But whether we could enact legislation which would be compellable upon the railways after they ceased to operate a railway on the property is a matter which does seem to be in doubt.

I cannot argue for one moment that this amendment is out of order or beyond the scope of the bill because the bill deals with rail line abandonment. If the amendment is intra vires it is not beyond the scope of the subject matter of the bill. However, this is a matter which we did not recommend or feel should be included in the bill. It was not brought to the attention of the standing committee, and I know that the hon. member for Middlesex West will not feel that I am reflecting on him when I say that. I do not blame him in any way, but this is the fact and we are now at a rather late stage.

What I would be very happy to undertake to do is this. I find it a little difficult to try to decide between now and the time I hope to see the bill disposed of, whether we ought to enact this provision. However, I would be prepared to ask the commission as soon as it has been set up to consider this problem, to discuss it, and if it can find some method by which this parliament can deal with it, to make a recommendation so that we could legislate. If this cannot be done, the provincial governments should then be consulted to see whether they could legislate in this regard, so that when a rail line had been abandoned there would be some orderly means of disposing of the property, particularly in rural areas where it can quite obviously be a serious nuisance. That might be the most appropriate way to deal with the problem, and I would be happy to give an undertaking right now that as soon as the commission is set up this is one of the matters I would refer to the research side of the commission as an urgent matter to be dealt with.

Mr. Kindt: May I just ask a question, Mr. Chairman. The explanation the minister has given connotes, at least to me, that he would take this move, but that it would be something like closing the barn door after the horse is stolen. I wonder whether be could not be more specific, and come at this in another way which would be more acceptable.

Mr. Pickersgill: Mr. Chairman, I do not know about the hon. gentleman's figure of speech, but an abandoned right of way is a pretty difficult thing to steal whether the barn door is open or closed. One would not mind so much if it were stolen and made good use of; the real problem seems to be that it lies there and is just a nuisance. Weeds grow and the farmer cannot protect himself properly. This

is a very real problem, exactly the kind of problem to which it would be useful to give some proper consideration.

I am very regretful that we did not consider this question at an earlier stage. In view of the fact that the hon. gentleman has brought it to our attention two or three times, perhaps we should have. But facts are facts. We are going to have a commission that ought to be considering proplems of the kind, and I believe we would be more apt to get something done which we are sure would work by following the suggestion I have made than by enacting legislation which I have reason to feel would turn out to be unenforceable. In so far as making voluntary arrangements that will be voluntarily carried out, there will be no need for the legislation in any case.

Mr. Korchinski: I hope I did not leave the impression with the committee that everyone is rushing to obtain this property. I happen to have some land through which a railway runs. As far as I am concerned, I wish it did not run through there, but the point is that it does. If the railway ever abandoned the property I do not know what I should do with my property. First of all, the topsoil has been scraped off. They have left nothing but clay or weedy soil. They have left a hump in the middle, and the place is a mess.

• (8:50 p.m.)

There must be some form of responsibility for a property such as this. I do not think the railway should be allowed just to abandon. I am sure the municipalities involved do not want to see the railways just moving away. Perhaps some people are interested in the property to which I have referred, or perhaps they may be interested in the future. Perhaps some enterprising businessman will need this property. In any event it might be good for the country if the commission could deal with the problem.

Mr. Pickersgill: If the commission could, I agree. But if the commission could not legally deal with it, then the provincial legislature could. It is obvious that this is a matter that somebody could legislate about—either the legislature or parliament. If parliament cannot effectively legislate about the disposition of the property, particularly if this is worthless property—

Mr. Korchinski: That is why I raised it.

Mr. Pickersgill: What the hon. member wants is a law that says that these properties cannot be left there to produce weeds and make a nuisance of themselves, and that the railway, if it abandons that property, must see to it that this nuisance does not exist. If it turns out that we really have the power in parliament, to legislate about this, then we shall take steps to legislate. If it turns out we have no power, we shall bring the matter to the attention of the provincial legislatures so that they can deal with it. There must be jurisdiction somewhere to do this.

The happiest situation is usually where an abandoned railway line is turned into a provincial highway. In one case we unfroze part of a line between Winnipeg and Portage la Prairie so that the provincial department of highways could have the property. But a lot of these lines are in places where there is no use for a highway, where, as the hon. member for Mackenzie has said, such a mess has been made of the land it is not rehabilitable—if that is a word—for farm purposes, and it is just a nuisance.

I am conscious of the problem. I am anxious to do anything that can constructively be done to deal with it. But I would rather not ask the committee to do something in a bill that I do not believe will be really effective. If I believed that it would be effective I should have no objection to doing something.

Mr. Bell (Saint John-Albert): In an example a few moments ago the minister talked of Portage la Prairie. Does he have the details of how the province got authority to deal with the abandoned line?

Mr. Pickersgill: In that case a deal was made between the Canadian National and the provincial department of highways.

Mr. Pascoe: Could I ask a question. The minister talked about a line which was unfrozen. Could he tell the committee whether the railway paid anything toward the cost of the highway, or did the government pay anything toward the cost of constructing the highway?

Mr. Pickersgill: I understand that the Manitoba government very much wanted the land. It represented an economy to them. The Manitoba minister of highways wrote to me about it, to see if the general freeze on this line could be lifted. There are two lines on the Canadian National on the south side of the Assiniboine river between Winnipeg and Portage la Prairie. It was not too many years ago when you could see trains on both lines only 100 yards apart. I gather that does not happen often now. The provincial department

of highways wanted nothing but the land. They were anxious to get it because it would represent an economy for the province.

Mr. Schreyer: The minister's reasoning in rejecting the amendment is difficult to follow. Ostensibly he doubts whether the federal government has jurisdictional competence to regulate what should happen on a right of way after a railway has abandoned it. Hon. members who have taken part in the debate on the amendment have made it abundantly clear that a condition prior to allowing railways to abandon lines ought to be that the railways shall comply with regulations and conditions to be laid down. That course would seem to satisfy constitutional requirements.

Yesterday the minister lectured this committee about the sanctity of contracts. What is suggested here has an element of contractural obligation, because when the commission grants or approves an application to abandon, obviously it shall do so in return for an undertaking on the part of the railway company to meet certain conditions. This matter is within the competence of the federal authority. The minister doubts whether this amendment would be intra vires. We should not proceed in this house on the basis of prejudging what a high court is likely to find. So long as there is a reasonable likelihood that legislation we enact is constitutional, we ought to enact it. The minister is aware I am sure that provincial legislation controlling property constituting railway rights of way is very limited.

Mr. Pickersgill: This would be an abandoned right of way. That is the precise problem.

Mr. Schreyer: The provincial noxious weeds control acts would exercise some element of control, would give some measure of protection to adjacent property owners. That is the only provincial legislation I can think of that would have any application. Other than that, it seems that the public would have no protection from either level of government, unless legislation such as embodied in this amendment is enacted.

Judging by the minister's remarks, he refuses to consider the proposition I put to him, I think for the third time, that when a railway company applies to abandon a line the commission should hold hearings, and if willing to grant the application it should set down conditions which the railway company would have to observe in maintaining abandoned property. Unless the railway companies are prepared to accept these conditions their applications should not be approved.

• (9:00 p.m.)

This kind of quid pro quo arrangement is logical and reasonable and I submit that it would leave the matter within the control of parliament and of the federal authorities. If the minister insists on opposing this amendment I wish he would deal with this specific argument which has been put to him two or three times in the last hour.

Mr. Thomas (Middlesex West): I appreciate the minister's interest in this matter. I know he has had his advisers do some work on this question, and I recognize that his contentions must be treated with great respect because I believe they are well founded. Even though I cannot agree with them, I would have to say that I am no more of an authority on the law than he is, that there may be some question about the matter, and that there may be something in what he says. The minister has agreed to use his influence with the new commission to ensure a thorough study of these problems. The commission will be asked to recommend to the government any remedies which it feels may be practical and within the government's power. I feel we should accept this proposition, let this matter stand, and trust that the hon. gentleman may be able to get good results along the lines he has proposed.

With this in mind I would be prepared to withdraw the amendment, if I have the consent of the committee to do so.

Mr. Douglas: Before the committee gives consent to the withdrawal of the amendment, may I express the hope that we can get some undertaking from the minister with respect to this whole matter when we discuss the general question of abandonment. The minister has suggested that it might be possible to reach voluntary arrangements. I think this would be most unsatisfactory. There would be cases in which this would work and others where I am sure it would not. It seems to me there must be something much more uniform than dependence on a variety of individual arrangements on a voluntary basis.

The minister says he is prepared to ask the commission to consider this problem. What I should like the minister to consider is this: What power would the commission have to deal with this matter, if it did decide to interest itself in it? That is what worries me. The commission may look into this matter; it may decide that this is an aspect about which

something should be done. But it might respond to the minister by saying it had no statutory authority to lay down terms and conditions with which the railways must comply.

It may be that between now and the time when the general discussion takes place on the subject the minister can find some general phrase to cover the situation—for example "the commission shall have power to lay down terms and conditions under which approval would be granted for the abandonment of railway lines". This could be left in general terms so that the commission by regulation could determine the conditions which would apply. It might even be necessary to say that when a line has been abandoned the land would no longer be under federal jurisdiction, since the railway had ceased to exist.

Somehow there must be specific power given to the commission to deal with this question. I have some confidence in the minister's ingenuity and perhaps he will be able to find a way of dealing with it between now and the time we are considering rail abandonment.

Mr. Pickersgill: I do not think the hon. gentleman could have understood completely what I said in reply to the suggestion made by the hon. member for Middlesex West. I did not simply say that I would ask the commission to see whether they could do something about this question. I intend to ask the commission to look into the problem of jurisdiction, to consider the appropriate way of dealing with this matter and to recommend to us some way of dealing with it, if it does fall within the legislative competence of parliament or, if it does not, to tell us so and to make some suggestion to pass on to the provincial governments, which would give them a lead as to how they might best deal with it if provincial legislation is required. This is much more than asking the commission whether they can do something on their own. We shall be asking them to do something which, I expect, we shall be asking this commission to do with regard to a large number of problems concerning transportation—to tell us the answers about what can be done by the Department of Transport, or by parliament, or by someone else.

This will be a research project. It should not take very long, though there are a number of aspects to be considered. One of these never occurred to me until the hon. member for Mackenzie spoke, about no one wanting the right of way because it had been made worthless. Wherever the right of way has value, it is probable that not much of a problem will arise, because somebody will be willing to take it over. It is a question of who will have the power to end a nuisance. If we could find some general phraseology, supposing there is nothing already in this bill—if it is within the jurisdiction of parliament to lay down that the commission may attach some conditions to these abandonments—it might be helpful.

I am sure we shall not finish this bill this evening, and if the committee is willing to allow the hon. gentleman to withdraw his amendment we may be able to find some general phraseology before we come to the abandonment clause—and I hope my legal advisers are listening—which would go in the direction the hon. member has indicated.

Mr. Korchinski: I wish the minister could get all this down in more definitive terms. I appreciate what he says about referring this question to the commission. The commission might decide to study it or not; it would depend upon the attitude taken by its members. We are trying to get along with this legislation as best we can. The minister is trying to co-operate and we are anxious to accept his suggestions as far as possible. But the fact that the minister has said something as recorded at a particular page in *Hansard* is hardly conclusive as a basis for positive action. I think the committee is entitled to expect something more definite.

Mr. Kindt: I should like to add a footnote to that proposition. I realize the minister is up against a problem. Pinning this down is like trying to pin down an eel with a blunt fork. I believe it would be better for the minister to get his legal answers and try to nail this down a little better before we allow this clause to go through. I appreciate the minister saying he intends to bring this to the attention of the commission and ask them to do something about it. But there may be a new minister before very long. The present minister may be in the Senate before anything can be done.

We are supposed to be debating legislation which is to become the law of the land, and although I am willing to co-operate with the minister I think we should nail this aspect down more firmly before we pass on to other considerations. Perhaps this clause could be left over until tomorrow or another day. At that time it might pass and nothing further need be said about this matter; but at the present time it is rather up in the air. I suggest that the minister take this suggestion into consideration.

• (9:10 p.m.)

Mr. Pickersgill: Mr. Chairman, I want to be reasonable in this connection and I have tried to be helpful. However, I must appeal to the hon. gentleman to allow the hon. member for Middlesex West, who moved the amendment and is satisfied that I will keep my word and do what I said I will do, to withdraw his amendment and not force the committee to divide on it. The hon. member for Middlesex West no longer wants to press his amendment. I think we would make more progress if we could agree to do this.

The Acting Chairman (Mr. Richard): Does the committee grant leave to the hon. member to withdraw his amendment?

Some hon. Members: Agreed.

Amendment (Mr. Thomas, Middlesex West) withdrawn.

Clauses 40 and 41 agreed to.

The Acting Chairman (Mr. Richard): The committee will now proceed to clause 42.

Mr. Pickersgill: Mr. Chairman, I appreciate your co-operation but I think there was an understanding that we would revert to Part II and would not go on with clause 42 and rail line abandonment until we had dealt with Part II of the bill. Perhaps hon. members opposite would confirm that I am right about this.

Mr. Bell (Saint John-Albert): That is true, Mr. Chairman, and the minister was co-operative when we discussed this matter. However, I have checked with one or two members of this party who are prepared to speak on the question of rail line abandonment, and in view of the fact that a great deal has already been said that borders on this matter, if the minister agrees I think it might be as well to continue with this clause and work toward the question of rail line abandonment.

Mr. Pickersgill: Mr. Chairman, if that is the wish of the committee, I am quite happy that we should continue in that way. We stood Part II because I knew that one or two hon. members who were interested in this question did not seem to be in the committee at that moment, and I did not think it would be fair to go ahead with this question without their being here. But if it is the wish of the committee to go ahead with clause 42 now and come back to Part II, that is perfectly acceptable to me.

On clause 42.

Mr. Horner (Acadia): Mr. Chairman, I should like to say a few words in respect of this clause. First of all I would issue the warning to the minister that before the clause passes I think we should have a statement from him with regard to clause 89 and its effects. In other words, with respect to the applications now before the Board of Transport Commissioners we would like to know whether the abandonments will be judged or ruled on under the section with which we are now dealing, section 314, or will they be judged to be matters pending and dealt with under clause 89?

Mr. Pickersgill: I would be very glad to make a statement about that matter right away. I have been pondering this question, which I knew would be raised, since this matter came before the committee. I have found it quite difficult to arrive at what I thought was an equitable way of dealing with this matter. I have a suggestion to offer to the committee which I think would meet the situation. I think we all agree that there are in western Canada some of these unprotected lines. I am not saying all of them should be abandoned by any means, but everybody agrees that some of them should be abandoned and might well be abandoned as quickly as possible because all they are doing is costing the taxpayers of Canada money for a very, very inadequate return.

Therefore, I did not like to say categorically, and I refrained from saying it at an earlier stage, that all these abandonments would be dealt with under the new procedure. At the same time I recognize how difficult it would be to have them dealt with under the old procedure, once this bill is passed. Of course we have an undertaking that no hearings will be held until this bill has been disposed of by parliament one way or the other.

I suggest that if this bill is passed, under the legislation the governor in council will have the power to require all the hearings to be held in accordance with the new criteria and the new standards. But I think it would be rather unfair, since most of these applications have been in for years, to say that the railways must start all over again with the applications, in view of all the delays that this would entail. I do not think they should have to make these applications again.

The compromise which I am suggesting, and which I think would meet the wishes of everyone that I have heard express views in

western Canada, is that I should give an undertaking that as soon as this legislation is passed an order in council will be passed directing the Board of Transport Commissioners to follow the new criteria and standards with respect to the abandonment, and not the standards in the present law. This would not require the railways to start again in respect of applications that have already been made and have been frozen for this long period. They would not have to apply again and go through all the procedural delays, from which nobody would gain anything. If this meets the wishes of the committee, I would give a categorical undertaking on behalf of the government that this is the way we would proceed.

Mr. Horner (Acadia): Mr. Chairman, I should like to comment briefly on the minister's remarks. On consideration of the minister's undertaking, I see at first glance no real objection to it, but I would like to know what is involved in this regard. In other words, something like 1,800 miles of track are up for abandonment on the prairies. With regard to this trackage, in respect of how much have hearings been held already? Before accepting the minister's suggestion we should like to know the answer to this question. Will further hearings be held in connection with applications previously made?

Mr. Pickersgill: No abandonments whatever could be made without a hearing. All I am saying is that the railways may have made application already and hearings would still have to be held. They would have to be held under the procedures laid down in the new rules. But the railways would not have to withdraw their present application, put in another application, send out notices, and so on, since they have already sent notices out and people know about the proposed abandonment. We are just trying to avoid the statutory delays that will be involved. There would be no abandonment without a hearing—none whatever.

Mr. Horner (Acadia): I think one would have to weigh the minister's remarks before passing judgment on this matter. For example, where hearings have already been held in respect of some lines, and in some cases abandonment has been granted and the line is still there, or a decision has not been made, after this bill passes will a new hearing be held, or would the old hearing and the evidence presented at it be accepted?

[Mr. Pickersgill.]

Mr. Pickersgill: There would have to be a new hearing. I think there would have to be an advertisement of a hearing in any case, and if nobody turned up to oppose it, I suppose there would be no hearing. But none of the applications would be delayed under the undertaking I am giving. In other words, all we would be exempting the railways from would be withdrawing their present applications and applying again under the new procedure. A hearing would have to be held, or at least advertised. If anybody turned up, the hearing would be conducted before any abandonment could take place in those areas where applications have been made and have been frozen.

• (9:20 p.m.)

Mr. Horner (Acadia): I think perhaps I have a little understanding of what the minister meant. Perhaps it will meet with general agreement from other members in the house. I would like to deal at some length, however, with the whole matter of abandonment and the rationalization program which the minister has in mind with regard to clause 42, and the whole group of sections under that clause dealing with line abandonment.

First of all I should like to say that during the committee proceedings I attempted to obtain from the minister some formula by which some lines would be declared to be protected until 1975, and some lines would be declared eligible for abandonment between now and whatever time the applications would be heard. Before we can really judge the atmosphere under which this legislation is being introduced, and before we can judge under what atmosphere a line from point A to point B will be protected and a line running from point C to point D will be eligible for abandonment, I think we need to know the entire formula under which one line is protected and another is up for abandonment.

During the committee sittings I had a hard time nailing down such a formula. In one case it was suggested it would depend upon the number of bushels hauled; but when I asked whether this was a formula, I think the minister said that perhaps it would be a guide but that it was not a definite formula which could be used. Some time during this debate I should like the minister to attempt to outline how he arrived at the 1,800 miles which could be eligible for abandonment, and the others that could be protected until 1975. Certainly the Manitoba Branch Line Association, or any municipality which will be presenting a brief to the public hearings which are to be called

by the new transport commission would like to know by what formula they must gauge their own position in order to know whether or not their line may be saved. Surely the minister is well aware of the fact that in recent years many of these branch lines have experienced a tremendous upswing in the movement of grain. Perhaps some of them would qualify now whereas a few years ago they may not have. The future looks bright in respect of huge grain shipments. In this regard it may be that some of these lines should be protected until 1975.

Another question which comes to mind with regard to rail line abandonments is the way in which the C.N.R. and C.P.R. do their cost analyses. They take the total cost of moving the grain from the end of the line which will be abandoned to the point at which the line reaches the main line. They call that the off-line cost. Then they take the movement of grain from the point at which the branch line joins the main line, take it from there to the lakehead or to Vancouver, and call this the on-line cost. Then the total of the two is the total cost of moving the grain. They compute the figures in respect of revenue and come up with a loss figure. If one were to project the thinking of the railways in respect of costs alone, he could prove that every branch line in western Canada should be abandoned, if it could be shown that they were losing money on the Crowsnest pass rates.

When talking about branch lines one must consider the effect of the branch lines on the Crowsnest pass rates, because if all branch lines were abandoned the Crowsnest pass rates in effect would be destroyed. One thing I should like to make clear is that western Canada will not allow total abandonment of all branch lines. No matter how insignificant a branch line may be, the method which the railways use is a method by which they cannot prove that every branch line should be abandoned, unless somebody can get the exact figures from the railways or from the Board of Transport Commissioners in respect of the number of load-ton-miles the grain is hauled, and the exact cost of maintaining the track.

There are lines in my constituency which may be 60 miles in length and on which there may be only 24 trains a year. It is logical to assume that the cost to maintain that track is less than it would be to maintain track over which a train runs three times a day. But does the C.N.R. use an average figure in computing the cost of maintaining that track? No, they do not. These are things somebody should be made aware of, so that when interested parties appear before the new board they will be able to compute in an accurate way the revenue of a branch line and the cost of maintaining it and operating the number of trains which run over it.

Some time ago the former president of the C.N.R.'s Mr. Donald Gordon, made the "grain on the move" speech in Winnipeg. He said that 1,000 carloads of grain moved 60 or 70 miles on the railroad in one year could be moved more easily and at less cost by truck. This brings us into a very interesting situation. I did not accept that figure a few years ago and I still do not accept it. I am not computing the costs of the C.P.R. and the C.N.R., but if they maintain that a truck can move that amount of grain that distance for half what it costs the railroad to move it, then it looks as if they are operating their trains inefficiently. I have no objection to this, however, if they want to do it in this way. If the C.N.R. and C.P.R. want to abandon a line because they think they can haul the grain out at less cost by their own trucks, then let them do it. Then our Crowsnest pass rates will be maintained.

• (9:30 p.m.)

The point here is that if the railways say they can haul the grain at less cost by truck, then I have no objection if the line along which the farmers are farming is going to be abandoned, because this would maintain the Crowsnest pass rate for all farmers. If branch lines are abandoned, farmers will have to bear the cost of moving their grain an extra 60 or 70 miles at a cost of, to use the former president's figure, five cents to fifteen cents per bushel, depending on how large the farmer's truck is or how much he must pay to the commercial trucking firm he must hire.

Many roads in western Canada are capable of carrying trucks loaded with a thousand bushels of wheat, but these roads are few and far between in the outlying areas. Most of the good roads run adjacent to main lines of the railroad. The poor roads are located in those areas close to branch lines which are to be abandoned. As a result, the greatest burden created by a branch line abandonment would fall on those farmers producing grain in the outlying areas. In most cases the main lines of the railways in western Canada run through the best agricultural land. As a result the farmer producing the best and most grain is close to the main line, whereas the farmer who will bear the greatest cost is producing the lower grades in the outlying areas.

A former president of the C.N.R. said that grain could be moved cheaper by trucks in many instances. In at least one case of which I am aware, the company has done just that. Let the trucking companies haul this grain, just as they are doing in one area in my constituency. The railway company has established a precedent in this regard. This is a very important aspect in respect of which the new commission must rule, when considering rail line abandonments.

In one area the Wheat Board instructed the railway company to move the grain from certain licensed elevators. The railway company had not kept the track in repair for many years and said they did not want to run a train on that line because of its state of disrepair. It indicated that the cost of repairing one bridge would be in the neigbourhood of over $60,000. I do not suppose the company has driven one spike along that line since it was originally put in. The company did not want to spend that kind of money on this line, which was up for abandonment. In this particular case the grain had to be hauled by truck for some 50 miles and the C.N.R. paid the cost of that haulage. The cost was not paid by the grain company which purchased the wheat for the Wheat Board, nor by the farmer who grew the grain.

Surely the company has established a precedent that we should recognize. Any grain elevator which is necessary, whether it is located near a line that is up for abandonment or adjacent to a main line, should remain licensed as an agent of the Wheat Board to receive grain from the farmers. The railway companies should move that grain from those elevators by truck if they can do so more cheaply.

Surely when a railway company makes application for a branch line abandonment it should be obliged to prove that it can move grain more cheaply by truck than by rail. That is the test which should be applied in these cases. I am not suggesting this should apply to those areas located within 10 or 15 miles of a main line, because the farmers I am sure would gladly haul the grain that distance. But in those areas where farmers will have to move their grain 50 miles or more from an abandoned line to a terminal point, if the railway companies suggest they can move the grain more cheaply by truck, a fleet of trucks should be brought in to move that grain. The railway companies have been allowed to move into the trucking business. Surely this is the only way the Crowsnest pass rates can be maintained in western Canada.

[Mr. Horner (Acadia).]

Let us consider the movement of grain. Mr. Gordon dealt with this subject in a speech he delivered in Winnipeg. He referred to the modernization of grain handling and movement, and talked about speeding up this process in order to save money. If Mr. Gordon feels that the railways can save money by moving grain by truck, then we should permit the railways to do so whenever branch lines are abandoned.

This parliament should never pass an act so rigid it cannot be adjusted with changing times. Let us allow rail line abandonment on the prairies, provided the railway companies haul the grain at Crowsnest pass rates. If the railway companies say they can haul the grain more cheaply by truck, let us allow them to do so.

The railway companies have suggested they can move up to 1000 box cars of grain per year by truck for approximately 4 cents to 5 cents per ton mile cheaper, which represents a saving of about one third. I suggest in any rail line abandonment application the railway companies should be obliged to indicate how much can be saved by moving the grain by truck, and compare that to the inconvenience caused by total abandonment of a railway service. If the abandonment of a branch line creates an excessive hardship or social upheaval in a production area the commission should rule that the elevators concerned remain licensed agents of the Wheat Board, and that the grain be moved by truck. We must adjust to the times. We must make our legislation sufficiently flexible to allow these changes to take place, in order to speed up grain movement, resulting in greater efficiency of grain handling.

• (9:40 p.m.)

The speech of the former president, to which I referred, was devoted almost entirely to the movement of grain. He suggested that in many instances grain could be moved more efficiently and economically by truck. We should keep this in mind when discussing clause 42. We should know precisely what the minister had in mind when he said that 1,800 miles of proposed line for abandonment would be protected until 1975. What I mean by that is that two tracks, two ribbons of steel running down that branch line, will remain there until 1975 and will not provide any service at all. Will the railroads continue to run along that branch line until 1975 or will they be able to discontinue service? They will be able to drive off the customers as a result of the poor service which they will provide until that

time, and in 1975 they will be able to prove effectively that that branch line is uneconomic and should be abandoned. This is the way in which many people see this question, particularly in western Canada. Whether or not this is true is hard to say but the opinion is that the railways will discontinue their services by turning aside business and in this way will be able to prove effectively that the service should be discontinued.

I think that under this particular section the minister should try to outline to the house what services if any will be protected. He stated that all but 1,800 miles will be protected until 1975. Surely when 1975 comes we would not want to see a sudden spurt of applications for abandonment filed. There are around 9,600 miles of track of the C.N.R. and C.P.R. in the prairie provinces. A few years ago a little over 4,000 miles of track were up for abandonment, nearly half of the total trackage in the three provinces. Now the minister has nailed down all but 1,800 miles of that track until 1975. What can we expect after 1975? Can we expect the filing of applications for abandonment for the remaining 2,200 miles in 1976, for example, or can we have some assurance that these ribbons of steel which we will have protected until 1975 will guarantee services to the areas through which they run? Surely if we are really going to protect these lines we must guarantee services which are now provided on these lines.

I should like to say a word or two with regard to the remarks made by the minister concerning clause 89. Can he tell me what would happen if we deleted clause 89 altogether? How many hearings would result from such a deletion—which I may wish to propose as an amendment?

Mr. Pickersgill: If I may, I should like to answer this question immediately. I think that if this clause were deleted—and I say this quickly, without giving it very careful consideration—it would not then be easy for the governor in council to direct that the matters which are pending should be considered under the new procedure. This clause relates not only to the Board of Transport Commissioners but to the Air Transport Board and the Maritime Commission. It would upset a lot of things that are under way. I think that for that reason it is required.

Mr. Horner (Acadia): I thank the minister for that explanation. Perhaps I will withhold the amendment which I suggested I might move later on.

Now I would like to deal with the method of costing used by the C.N.R. and the C.P.R. At the meeting of the transport and communications committee held on October 13 Dr. Bandeen presented diagrams on the costing analysis of the two railway companies. He outlined the manner in which the cost analysis of the movement of a given amount of goods from point A to point B was prepared, but he gave general figures only. He stated that the cost of one car moving one mile was .024 cents. After the committee meeting I questioned him to try to ascertain whether I could compute the movement of that car loaded with grain over a number of miles. He told me that the figures which he presented were average figures which were given with the sole purpose of demonstrating the component parts which went into the final figure but that these were not even accurate figures with respect to any given commodity.

Such a vague presentation can only place at a disadvantage those people who live alongside these railway lines which may be up for abandonment, because they cannot even study the exact costing methods used by the C.N.R. or the C.P.R. in computing whether or not their costs are greater than their revenues. There is no question in my mind that if I were presenting figures to prove the necessity for the abandonment of a service, these figures would serve to prove my case. I do not expect the C.N.R. or the C.P.R. to use figures which would not prove their case. However, I think that in all fairness the people affected should be given a chance to examine the exact manner in which those two figures have been computed.

I hope that the new transport commission will be as objective as possible in examining these figures. I myself accept the component parts of the costing of the railway companies. In looking at them I could see no fault with them, but I do not accept the exact accurary of these figures because, for example, we have seen many instances in which the cost of box cars being used was substantially different. How do we know whether the railway companies used average or exact figures? Some box cars they use cost $7,000 while others cost $30,000, I am told. The depreciation of the initial cost has to be calculated, and so has the interest. A car can cost between $7,000 and $30,000.

I should like to receive a further explanation of those figures and I hope that the research staff which will be provided on the establishment of the commission will study the whole aspect of costing. Having in mind

the way in which the cost analysis was arrived at, I would like to think that the municipalities, the reeves, the mayors and the interested branch line associations all across western Canada, will be able to take a look at far more accurate figures than we were able to see in the committee because, as Dr. Bandeen said to me after the meeting, these figures were given just as an example and were not exact.

• (9:50 p.m.)

Surely, this is not good enough. When a branch line is up for abandonment and the major commodity hauled over that branch line is grain, then the figures presented should be the accurate figures and both sides should be given those accurate figures. It is all well and good to say the commission will have these accurate figures. However, the opponent should also be given these accurate figures so that they could be examined, and so arguments could be presented. This is the point. I should not like to see a continuation of the practice of allowing the railroads to bury their costs and keep them from the eyes of those who are opposed to the applications for abandonment.

The Chairman: Order. The time allotted to the hon. member has expired.

[*Translation*]

Mr. Mongrain: Mr. Chairman, I shall only take two or three minutes to deal with clause 42 of Bill No. C-231.

To my mind, the hon. member for Acadia (Mr. Horner) has brought up important points, on which additional comments could be made.

The title of the clause is as follows:

Abandonment and rationalization of lines or operations—uneconomic branch lines.

Mr. Chairman, the whole clause is ambiguous if it is intended to set the standards, the criteria for establishing whether or not a line is to be abandoned. In my opinion, it boils down simply to profit or loss. I believe the whole matter is unfair to the Canadian public and that the agreements reached with the railroad companies, at the time they were granted what we know, was trickery of sorts. Basically the standards or criteria should be: does the economy of the region concerned still need railroad services? Whether or not the services are profitable becomes secondary, because we must go back to the basic principle.

[Mr. Horner (Acadia).]

Mr. Chairman, the railroad companies entered into a contract with Canada, as we know. They were granted the equivalent of gold mines, rights to untold natural resources. Then, with their profits in those fields, they launched out in other fields of endeavour such as maritime transport, hotels, air transport, mines and other related businesses.

Today, now that all the frosting has been eaten off the cake, operating profitable lines, I believe it would be unfair for them to abandon the unprofitable lines. I feel this would not be respecting the agreement entered into in earlier days, giving railways the advantages we know, at the price we had to pay. We need only remember, for instance, how many governments were defeated because of these concessions made to the railway companies.

I do not know whether this idea can be added as an amendment, but I say to the hon. Minister of Transport (Mr. Pickersgill), that the future commission should at least be given detailed instructions, to the effect that the criteria, the norms or the standards determining whether or not a particular line may be abandoned, must not necessarily stem from profitable or unprofitable operation. In my opinion, we should ask ourselves: does the economy of our country and the economy of this area depend upon railway service? Could another means of transportation serve that area as efficiently as the railway? If the answer is no, then railway service must be maintained—whether profitable or not—because it would be unreasonable for the country to have given the railways the advantages they have been granted—which have enabled them to pile up an extraordinary amount of money—and today, because certain lines are operating at a loss, to say to them: "Well, get out of there with your little gold mine and let the people living in that unprofitable area tighten their belts." Besides, some lines are profitable, and to be logical right to the end, if the unprofitable lines were abandoned, then the railway companies would have to disgorge and pay the government the profits made by operating the truly profitable lines.

I therefore submit to the hon. minister that a specific clause might be added, establishing that the economic interest of the country and the area concerned must receive first consideration or, at least, set out in one form or another, specific directives for the members of the commission, so that when they are called upon, their ruling will not be based solely upon cold statistics showing whether or not the line is profitable.

[*English*]

Mr. Korchinski: I could not help thinking it would have been a wonderful thing if the minister had gone to the other place to serve as chairman of a joint committee on railways, and the hon. member for Acadia with all his knowledge had been appointed president of the Canadian National. Of course, it is a great asset to have them in this house.

Mr. Knowles: Send them both to the other place.

Mr. Korchinski: However, there is one point the minister made about which I agree with the hon. member for Acadia. He suggested that perhaps some of the old applications might be accepted holus-bolus and that no further inquiries should be held. Of course some of these old applications are based on old figures. I am sure the minister would not want to suggest that these rail lines be abandoned on the basis of old figures.

Mr. Pickersgill: No, it is clearly understood that although an application has been made, all the figures have to be brought up to date. There has to be a hearing as well, before there can be any abandonment.

Mr. Korchinski: Since parliament is dealing with railway legislation, I am sure many people must be under the impression that everything is in a suspended state, and therefore their line is not to be abandoned. They have heard a lot about certain lines being frozen, but people have lost track of what is really happening. In the interests of all concerned, there should be proper notification to rural municipalities, the secretaries of towns and villages that may be affected, to the effect that no further applications will be heard. It should not be taken for granted that all the due processes of law have been complied with, and that we no longer have to follow the old procedures.

Mr. Pickersgill: I think perhaps the hon. member came into the chamber after I made my statement on this particular point. However, perhaps I might repeat it now, although I thought I made it abundantly clear. Although the railways would not be required to make new applications, there will be no hearings held on any of these applications until after this legislation is passed. There will be notice to all parties concerned, and there would have to be a hearing. As I just added now, of course all the figures would have to be brought up to date. Now, all these things would have to be done and when hearings are held they will be held under the new criteria in this bill, and not the old criteria under the present law.

Mr. Rapp: Ten o'clock.

Mr. Korchinski: I have one question. If these figures have to be brought up to date, who in the world is supposed to contest them?

Mr. Pickersgill: The old hearings have no validity whatever.

Mr. Korchinski: In other words, there has to be a new hearing?

Mr. Pickersgill: They have to have a new hearing. The old applications do not have to be renewed, that is all. There has to be a new hearing, even if there was an old hearing.

Mr. Korchinski: Do notices of abandonment have to be sent out?

Mr. Pickersgill: Oh, yes, notices of a desire to abandon.

Mr. Knowles: Ten o'clock.

• (10:00 p.m.)

Mr. Kindt: I should like to ask the minister whether there are any criteria as to where the commission will hold these meetings. Will it be in towns adjacent to areas to be abandoned, or in some city close by which will be convenient to the commission but less convenient to the public? There has to be some rhyme or reason for holding these hearings, and it is not enough for the minister to say they will just be held. They must be accessible for the public.

Mr. Pickersgill: I think we would have a very difficult time if we were to attempt to prescribe in legislation where hearings should be held. The simplest thing would be to prescribe that they be held at every railway station in western Canada. If you did not, any place that was left out would complain. I think we must assume that the public servants appointed to this commission will take their responsibilities seriously and will not inconvenience the public.

Mr. Kindt: A supplementary question.

Mr. Rapp: Ten o'clock.

Mr. Kindt: Would it be possible for the minister to insert something like "at the most convenient place for the people concerned"?

Mr. Pickersgill: I will look into that.

Mr. Kindt: I wish you would. May I call it eight o'clock?

Mr. Pickersgill: I wish you would. I should like to have another couple of hours and have some progress made.

Mr. Kindt: I mean ten o'clock.

The Chairman: Order. It being ten o'clock shall I rise, report progress and ask leave to sit again at the next sitting of the house?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Rapp: What will be the business for tomorrow, a short day?

Mr. McIlraith: Tomorrow, I am told, is the day of great progress with this legislation. We will continue with the transport legislation in committee of the whole.

If that is finished and there is any time available for other legislation, we might consider item 117 on today's order paper, the provision with regard to the Judges Act; item 104 regarding the Elections Act going to committee; item 110, the bill to amend the Canada Corporations Act; item 79, house in committee on the C.N.R. financing bill; item 124, the creation of a committee to deal with the subject matter of the "O Canada" resolution; and item 125 dealing with the setting up of a committee to consider the rules.

I should add for the information of hon. members that after five o'clock the Minister of Transport will not be available in any circumstances.

Mr. Pickersgill: May I make the earnest plea to hon. members to finish my bill by five o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

"LABOUR GAZETTE"—DELAY IN DELIVERY OF FRENCH EDITION

Mr. J.-A. Mongrain (Trois-Rivières): Yesterday, Mr. Speaker, I posed a question to the Minister of Labour, for the seventh or eighth time in the last 12 months, asking why the French edition of the *Labour Gazette* is always three or four months late. Up until two or three months ago the minister answered that things were supposed to be improving, and on one occasion he even mentioned that by September or October both issues would be published simultaneously. Yesterday the minister answered my request, after I had suggested that a special committee should be appointed to take care of this matter, by saying that he was opposed to appointing such a special committee. He said that we had an effective committee of the house and that we do not need another. Then he added that this matter has made good progress up to now, and the French edition has been delayed because the chief of the translations section was taken ill.

I am not satisfied with that answer. I hold the Minister of Labour in high regard; he has great responsibilities and I have much respect for him. But I must say I am disappointed, even shocked, with the answer he gave yesterday. His answer looks to me to be some kind of wishy-washy soporific excuse. He was trying to evade something, to camouflage something. I cannot go for that, Mr. Speaker. I think the minister should have said to me, "Somebody has forgotten to do what he was ordered to do". There is no reason for having the French edition coming out two or three months late. Two or three years ago both editions came out together. I understand that the section needs translators. Having made some inquiries, I can find half a dozen translators in 48 hours.

Somewhere I think there has been negligence. I do not blame the minister personally; probably he is badly informed by somebody. He should try to find solutions to the difficulty right away. Let me put it this way: I do not see why, in the next two months, both editions cannot come out together. If this question offers such a great problem, then I offer to solve the problem for the minister, and I will not charge anything. I will do it for nothing. I shall find translators to do a good job.

Mind you, I am not begging for special favours; I hope the minister understands that. This is something to which we are rightfully entitled. Also, many complaints from my province have come from labour organizations which feel they ought to have the French edition simultaneously with the English. They do not understand why we do not get the French edition.

There is another reason why I bring this matter up. Not having the edition simultaneously with English gives ammunition to the separatists. It puts in an awkward spot those of us trying to tell our people that confederation is not so bad after all, that there is a future in confederation, I bring this to the attention of the minister and I urge him to give the necessary orders to those in charge of the translations bureau, to see to it that we may have the French edition as soon as possible. When I say as soon as possible I think of the next month, or perhaps of the next two months, at the latest.

If what I ask is not done I must tell the minister that every month I shall be standing up and posing the same questions, and that I might lose my patience. I have tried always to be courteous to the minister, but I might be mean at times because I feel somewhat annoyed. I know the minister is used to all kinds of threats, but this, I think, has lasted long enough and it is high time it were settled. I might go to the parliamentary committee mentioned by the minister, if the minister cannot solve the problem, and bring this matter to their attention.

I beseech the minister, for goodness sake, to find a solution, so that we shall not have to hear what we have listened to in my province month after month. This matter really gives wicked ammunition to the separatists.

• (10:10 p.m.)

Mr. B. S. Mackasey (Parliamentary Secretary to Minister of Labour): I listened to the hon. member for Trois-Rivières with a great deal of interest. Despite his indignation I cannot visualize any situation in which his patience would be strained to the point at which he would become discourteous. I do not think that is a characteristic which he will ever display in the house.

I share his feeling, as one closely attuned to the problems of confederation, that the greatest defence we have against the spread of separatism in the province of Quebec is the intelligence and integrity of the labour movement. There are a number of young men and women joining organized labour in the province who will be exposed to the sensible arguments of the leading labour figures who endorse the idea of a united Canada, and the fact that the *Labour Gazette* is not made available all the time in both official languages of this country, simultaneously, can become a very serious bone of contention and can, indeed, lead to a degree of justifiable resentment. I do not think we want this to happen.

I realize that the hon. member has brought up this question on several occasions. I think the time has come to cease making excuses. I think we must find a solution to the question of producing documents and periodicals as important as the *Labour Gazette* simultaneously in the two languages. I repeat that labour is of paramount importance at this moment, and I believe that all who belong to the organized labour movement in Quebec should have equal opportunity to read the *Labour Gazette* in the other of the official languages, just as it is available in the English language.

I assure the hon. member that I will take up this question with the minister and at the same time draw the minister's attention to the kind remarks which the hon. member made about him personally. The minister, too, has been very sensitive in this area. He has introduced many reforms within the department and done everything he could to make French speaking Canadians feel at home. I know that the hon. member for Trois-Rivières has his full co-operation.

[*Translation*]

GOLD MINING ASSISTANCE—QUEBEC—POSSIBLE SOLUTION OF PROBLEMS

Mr. Gérard Laprise (Chapleau): Mr. Speaker, on January 11 that is, yesterday, I asked the Minister of Finance (Mr. Sharp) whether he had been informed of the brief submitted to certain government members including the Minister of Energy, Mines and Resources (Mr. Pepin), by the northwestern Quebec chambers of commerce with regard to the gold mining problem. The Val d'Or-Bourlamaque and Malartic city councils have endorsed that brief submitted in March 1966.

At the end of November last, the northwestern Quebec regional economic council and the muncipalities directly affected by the gold mining problem also submitted their own brief calling for increased assistance to gold mining.

Now I believe, Mr. Speaker that the Emergency Gold Mining Assistance Act expires in 1967. It must be not only renewed, but improved by increasing subsidies to the gold mines. We know that the price of gold has remained steady since 1935 at $35 an ounce, American funds, which is equivalent now to $37.75 an ounce. We also know that the cost of living index has increased from 1

to 240 since 1935. We know that the wages paid the miners working in the gold mines are 25 percent less than wages paid in other mines and 15 per cent less than those paid in other industries. It is important to know at the earliest moment what the government's intentions are concerning its gold mining policy.

The public bodies which last year presented briefs to the government on gold mining represent more than 110,000 people dependent in one way or another upon the mining activity in northwestern Quebec and the whole economy of the area feels the rise and fall of mining operations.

The Emergency Gold Mining Assistance Act should provide for the maintenance and development of active mines and the opening of new mines, which would boost the economy of this area.

The chambers of commerce, the municipal councils and the regional council of northwestern Quebec ask nothing else but a better standard of living for miners and their families. In that connection, the brief says:

> After considering the present situation, we came to the conclusion that a revision of the act passed in 1948 and amended a few times until 1958, when a 25 per cent increase in subsidies was granted, is imperative, and our request is not for the purpose of enabling this industry to pay greater dividends. It wants first of all to take into consideration that we must now face a shortage of competent labour in gold mines because of salaries which are not competitive with other fields of industry.
>
> We can say, as proved by figures, that the money received under the Gold Mining Assistance Act, far from being used to pay dividends to shareholders, has been used to give a better deal to workers; furthermore, only salary increases given to workers represent more than 2.2 times the sums received under gold mining assistance.
>
> We must consider that this year, the workers, like their fellow-workers in Ontario, will demand the 40-hour week, and our mines will have to grant the same treatment as given elsewhere; this burden alone, especially for marginal mines, could force them to close their doors; that is the economic reality.
>
> Considering this new need, new obligations which must be assumed in a changing society, which requires more for public services, especially education, we consider that the time is favourable for adjustment of subsidies to gold mines so as to enable them first of all, and this is the main motive of our pressure, to give their employees the salary increases which will enable them to compare their case with what is done in other areas of industry.

The government should therefore inform us, as soon as possible, of the policy it intends to follow concerning gold mines.

[*English*]

Mr. Jack Davis (Parliamentary Secretary to Minister of Energy, Mines and Resources): Mr. Speaker, let me say at the outset that the government shares the concern of the hon. member for Chapleau (Mr. Laprise) concerning the communities in this country, and more particularly those in northwestern Quebec, which are dependant upon the gold mining industry. To this extent the government is considering the continuation beyond December 31, 1967, of the Emergency Gold Mining Assistance Act. The Department of Industry of course is concerned with the development of other industries in those areas, and the new manpower centres are operating in such a way as to retrain and redirect labour to new occupations as they develop in the gold mining regions.

The Emergency Gold Mining Assistance Act was passed in 1948. As the name indicates, the problems then confronting the gold mining industry were thought to be transitional in nature; this was an emergency measure. It has continued over the intervening years and the amount of assistance has increased. For example, the amount of assistance increased from $580 per miner per annum in the mid-1950's to a figure in the order of $1,400 per miner per annum in 1966. The total extent of federal tax assistance to the gold mining industry this year will be in the order of $15 million. The industry is declining in output. Faced with a fixed price for its products and rising costs, particularly rising wage rates, it has been in a squeeze. It has done a remarkable job in respect of improving productivity. In general the number of mines in this country has dropped roughly in half since 1948. The problem in northwestern Quebec is not unique. It is a problem which is being encountered in Ontario, British Columbia and in other parts of the country. I know there are other mining opportunities in that general area. The other mining industries are able today to pay something in the order of $20 a week more, and they are drawing off mining labour from the gold mines. Pulp and paper and other industries are in that area.

Nevertheless, the government is prepared to continue the emergency gold mining assistance in some form. It is also energetically exploring the possibility of other opportunities for employment in adjoining areas to support these communities in the future.

Motion agreed to and the house adjourned at 10.25 p.m.

HOUSE OF COMMONS

Friday, January 13, 1967

The house met at 11 a.m.

VACANCIES

Mr. Speaker: It is my duty to inform the house that consequent upon the notification of vacancies in the representation made in this house on Thursday, January 12, 1967, by the hon. member for Saint-Hyacinthe-Bagot (Mr. Ricard) and the hon. member for Ontario (Mr. Starr), and pursuant to section 10 of the House of Commons Act, I have addressed my warrants to the Chief Electoral Officer for the issue of new writs for the election of members in the electoral districts of Hull and Sudbury.

GRAIN

WHEAT—ANNOUNCEMENT OF FINAL PAYMENT

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I wish to make a statement respecting the final payment on wheat. Producers delivered a total of 559,790,073 bushels of wheat to the Canadian Wheat Board in the 1965-66 crop year, which included 18,932,369 bushels of Durum wheat. The amount of the final payment to be distributed to producers is $270,028,575, which is $70 million higher than last year's payment and is exceeded only slightly by the record payment of $272 million made on the 1963-64 pool account, when a larger volume of wheat was marketed. Of this amount, $9,948,861 will be distributed to producers who delivered Durum wheat.

These sums are not a final payment by the government of Canada, but represent the net returns of the Canadian Wheat Board in the marketing of western Canadian wheat for the 1965-66 crop year.

The average final payment for wheat other than Durum is 48.087 cents per bushel. The average final payment for Durum wheat is 52.594 cents per bushel. The over-all average of 48.237 cents a bushel is the largest average final payment in the history of the Canadian Wheat Board.

• (11:10 a.m.)

The board will commence issuing final payment cheques to producers on January 17, 1967. This is the earliest date on which final payments have been made in the last 14 years.

I wish to inform the house of the total prices realized by producers, prior to the deduction of the 1 per cent Prairie Farm Assistance Act levy, on their deliveries of some of the more important grades of wheat. The farmers will receive a total—basis in store at the lakehead of Vancouver—of $1.99699 for No. 1 Northern; $1.96645 for No. 2 Northern; $1.88269 for No. 3 Northern; $1.82731 for No. 4 Northern and $1.75100 for No. 5 wheat. The prices realized on the Amber Durum grades total $2.03725 for No. 1 C.W. Amber Durum; $2.00833 for No. 2 and $1.94476 for No. 1.

The accounting for the oats and barley pools for the 1965-66 crop year is under way, and distribution of the cheques will follow the distribution of the wheat payments. It is expected that the total of the payments for wheat, oats and barley will be at a record level.

Congratulations are due to all concerned in the growing, handling, grading, transporting and selling of wheat for their contribution to a most successful marketing year. I would like to pay particular tribute to the remarkable achievements of the Canadian Wheat Board. The efforts of the board on behalf of the western producer have benefited not only the grain producer but all Canadians.

Mr. Speaker, I beg leave to table the statement issued today in Winnipeg by the Canadian Wheat Board regarding the final payment. I ask, if hon. members so wish, that it be included as an appendix to today's *Hansard*.

Mr. Speaker: Has the minister leave to table the document to which he refers, and is it the pleasure of the house that it be appended to *Hansard* of today?

Some hon. Members: Agreed.

[*Editor's note: For text of document referred to above see appendix.*]

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, this is one time when we can all express pleasure, especially those of us on this side of the house; because during our period of office against strong criticism we made available to the wheat board

the necessary credits for guaranteeing sales to communist China. If it had not been for that we should have been back in the days of 1954 to 1957, when tremendous gluts of wheat piled up in all parts of western Canada.

Second, the tremendous sales this year bear out the prophecies we made that increasing amounts of wheat would be required for the world, and that the western farmer should expand his production and increase his acreage. When we expressed that view that too was criticized. Both these stands have been entirely vindicated by events.

The time has come for a material increase in price. I believe that $2.25 per bushel should be considered a normal price today. There is a growing world demand. One and a half years ago wheat prices in Canada were cut by some 17 cents a bushel. If that cut had not taken place the amount the western farmer would receive today would be approximately $130 million more than will be distributed on this occasion. I know the minister is most favourably disposed to action to increase wheat prices. That should be done. World demand is expanding by leaps and bounds.

While the western farmer will naturally be pleased with this distribution and the amounts realized, he is up against something that all farmers in all parts of our country are up against, rising costs of production.

This means that while these returns will be favourably accepted, the farmer is not yet receiving his just due, and it is necessary that action be taken in those fields in which the farmer has to make expenditures and in particular in the field of farm implements where prices have risen to untoward heights. While the commission sits, prices increase.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I am sure the house will want to congratulate the Canadian Wheat Board on the early distribution of the final payment to wheat producers. This has been a very prompt action, and it indicates the high degree of efficiency with which the Canadian Wheat Board conducts its operations. I am sure congratulations will be in order.

The final payment of some 48 cents on all grades of wheat except Durum, and 52½ cents on Durum wheat, will of course be welcomed by the wheat producers of western Canada. The minister was wise, I think to point out once again to the general public the fact that this is not a payment by the government of Canada. This payment underlines the value of the orderly marketing of wheat under a government agency, something for which many of us fought for a long period of years, and it is gratifying to see the degree of stability which this has provided for the wheat producers of Canada.

[Mr. Diefenbaker.]

However, one thing which is sometimes lost sight of is that while wheat prices remain within a stabilised area, the cost of production borne by those who produce wheat has been rising steadily. I notice that in the publication "Canadian Farm Economics" issued by the Department of Agriculture last October the figure is given for the index of prices paid by farmers, excluding their living costs, and this is reported to have gone up from 282.2 in 1962 to 346.8 in April, 1966, the last date for which a figure is available. This represents an increase in the cost of production to wheat producers amounting to 64.6 points, a very substantial increase indeed. The same table shows that the prices paid to the farmers for field products, which includes products other than cereal grain though cereal grain is among them, went down from 191.7 in 1961 to 179.1 in June, 1966, a drop of 12.6 points. It is not necessary to tell this house that any industry in which the cost of production goes up by more than 64 points while the price received for that production goes down by 12.6 points is not in a very healthy position.

The producers of grain have been blessed with large crops. Nevertheless they face the problem of a cost-price squeeze. Certainly the time has come for Canada to press for an increased price in the negotiations for the renewal of the international wheat agreement.

• (11:20 a.m.)

I might also remind the minister and the house that almost four years ago, in March, 1963 in the city of Saskatoon, the Prime Minister pledged that the Liberal party if it came to office, would establish a two price system for wheat with a guaranteed minimum price of at least $2 a bushel; that there would be a price set for the domestic wheat which would have some relationship to prices generally, and that this would enable the government to give the farmers a guaranteed minimum price. No action has ever been taken on this promise. I suggest to the minister that the time is long overdue for the government to carry out the pledge which was made by the Prime Minister almost four years ago.

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, on behalf of the members of my party, I wish to join with the hon. members who spoke previously, and share in the joy of western farmers, following the announcement

which the hon. Minister of Trade and Commerce (Mr. Winters) has just made.

We, of the Ralliement Créditiste, as well as all the hon. members of the province of Quebec, wish to pay special tribute to the Canadian Wheat Board, to which we owe this tremendous accomplishment, and this group which brought pressure to bear upon the various governments, with a view to finding a market for their wheat.

We, of the province of Quebec, simply hope that the farmers in our areas will imitate the western efforts which were made a few years ago, in order to have such an organization, and thus force the governments into granting the farmers what they want because, in the province of Quebec, the problem is not so much one of production but rather of ability and opportunity to market their production at a profitable price.

I see that the western farmers, through the Canadian Wheat Board, have succeeded in performing that feat of calling on governments to help them, and I wish heartily that we may some day, in the province of Quebec, have such an organization that would be called the Canadian Eastern Products Board, in order that the Minister of Trade and Commerce might also announce payments for the province of Quebec and that the good news we hear might not always concern western Canada but also the farmers of the province of Quebec.

[*English*]

Mr. R. N. Thompson (Red Deer): Mr. Speaker, we wish to join the others who have spoken in expressing satisfaction that this final wheat payment is being made at this early date and in substantial amount. It will prove beneficial not only to the farmers of western Canada but to the entire economy of Canada.

There are only two brief points which I should like to make. In view of the political situation which is developing at present in red China I think there is concern in this country about markets for our wheat this year and next year, and whether shipments of wheat already agreed to will continue. This points up the necessity of expanding our markets in other areas of the world where food is just as necessary as it is in China.

It also brings out a second point, namely that the surplus of wheat and other food in the world today is decreasing, and the crisis of food for starving people in many parts of the world becomes more critical than ever.

It points up again the necessity of our own surplus supplies of food reaching areas of the world where we are not reaching today and where the needs are critical and urgent. It again comes back to the responsibility of the minister in respect of the necessity to not only develop our own production to greater heights, but also to develop new markets in the other parts of the world. This is something which is urgently facing us today.

CANADIAN BROADCASTING CORPORATION

PROPOSED APPEARANCE OF GERMAN NATIONAL ON "SUNDAY" PROGRAM

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Secretary of State. Has she been in touch with the C.B.C. regarding the prospective appearance on the program "Sunday" of a neo-nazi by the name of von Thadden? I should like to ask whether she has received communications, as have other members, from Canadians who deeply resent the use of moneys which are given the C.B.C. on a program such as this, which can only exacerbate the feelings of those who served in the last war, their dependants and those families who sacrificed.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I have not yet had any communication with the C.B.C. since my return.

Mr. Diefenbaker: Will the minister bring this matter to the attention of the C.B.C. and in particular, among other things, a telegram from the Saint John Ministerial Association protesting against this irresponsible programming and inexcusable disregard for Canadian sensibilities?

Miss LaMarsh: Perhaps the right hon. gentleman would send me a copy of that telegram. I do not think I received it.

Mr. R. N. Thompson (Red Deer): The minister says she has not communicated with the C.B.C. about the question raised by the Leader of the Opposition. Is the government not considering some action in this regard so far as its own responsibility to the C.B.C. and the Canadian people is concerned? Certainly she should understand, without having to consult with the C.B.C., that the presence of such a man will only open old wounds and arouse bitterness and resentment in this country. If a

sick person were coming here who would endanger the health of the country, would she not take some action?

Miss LaMarsh: Unhappily I cannot be every place at once. I just returned yesterday, and there has been no opportunity to deal with many things on my desk.

CANADA DEVELOPMENT CORPORATION

INQUIRY AS TO INTRODUCTION OF LEGISLATION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Finance. In view of the fact that it is now almost four years since the government was first elected on the pledge to set up the Canada Development Corporation, may I ask the minister what legislative action along this line is being taken to promote this program, since we have now lost at least three precious years?

Hon. Mitchell Sharp (Minister of Finance): I am not quite certain whether it will be possible to get the bill introduced this session, but that is my hope.

Mr. Douglas: May I ask the Prime Minister whether the newly appointed Minister without Portfolio, as part of his responsibility, is to be given the task of looking into the matter of the setting up of the Canada Development Corporation.

Right Hon. L. B. Pearson (Prime Minister): I am very grateful for the advice of the hon. gentleman as to how to organize government business.

[*Translation*]

AGRICULTURE

BUTTER—STEPS TO ENCOURAGE CANADIAN PRODUCTION

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I have a question for the hon. Minister of Agriculture arising from the news issued by the Department of Agriculture, to the effect that Canada will import in February over a million pounds of butter.

Would the minister tell us whether the government considers taking steps in order to encourage Canadian producers to provide, as in the past, all the butter necessary to Canadian consumers.

[Mr. Thompson.]

[*English*]

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I think the government's policy is an incentive to production, in as much as prices today are something in the neighbourhood of 50 per cent higher than they were when we came to office. With this kind of policy I am sure future production will be encouraged.

INDIAN AFFAIRS

REQUEST FOR IMPROVEMENT IN LIVING CONDITIONS

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to direct my question to the Minister of Indian Affairs and Northern Development. In view of his answer to the Ontario Indian leader's request yesterday for government assistance to stop the deterioration in living standards of our Indian people to the effect and I quote from the *Globe and Mail* of this morning—"I too will be a failure", will the minister not adopt something of the attitude of a famous car rental firm and try harder so that our Indian population may have a living standard more comparable to that enjoyed by their fellow Canadians?

Mr. Speaker: Order, please. I think this is more of a general representation than a question.

WOMEN

REQUEST FOR STUDY OF STATUS BY ROYAL COMMISSION

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Secretary of State. I should like to ask whether on her return she can report to the house any progress regarding her request for a royal commission to study the status of women, or does she find her cabinet colleagues in the same condition as when she left, with their backs up?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I find my colleagues in their usual fine condition.

Mr. Starr: Glued together.

Miss LaMarsh: Yes, Mr. Speaker, happily glued together; not in the condition of my hon. friends opposite, in a state of flux.

I have not had the opportunity to discuss any matters with my colleagues as a cabinet since my return.

FINANCE

TAX REFUNDS TO PRIVATE COMPANIES OPERATING PUBLIC UTILITIES

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to ask the Minister of Finance whether he is now in a position to answer the question I asked on Tuesday regarding tax rebates to privately owned public utilities.

Hon. Mitchell Sharp (Minister of Finance): Yes, Mr. Speaker. I understand the hon. member was asking about the refund of taxes under the Public Utilities Act which was passed by the house I think this session or last session. That legislation referred to refunds of taxes in respect of 1966. It is not expected that those refunds can be made, as I indicated at that time, in respect of 1966 until 1968 because of problems of assessment and so on.

In any event the refunds are not made to the public utilities but to the provinces.

Mr. Harkness: Mr. Speaker, as this is a matter of concern to the customers of these companies, particularly those in Alberta, can the minister hold out no hope that these refunds can be expedited rather than making these people wait for two years?

Mr. Sharp: Mr. Speaker, we will certainly do the best we can but it was understood by the provinces when the legislation was passed that it would take about that length of time to make these refunds. I hope we can shorten that time by administrative action, but I do not expect there can be an improvement of more than a few months.

SHIPPING

BRITISH COLUMBIA—REQUEST FOR INVESTIGATION INTO TUG SINKINGS

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, I desire to direct a most important question to the Minister of Transport. Can he indicate whether an immediate investigation and survey of the sea-worthiness, safety of operation and adequacy of personnel on tugs operating off the B.C. coast will now be undertaken in view of the fact that three tugs have gone down in the last three months with the loss of lives. Two of these tugs were under inspection, while the one which sank in recent days was under inspection but possibly undermanned and involved the loss of all five on board.

Inquiries of the Ministry

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, without necessarily accepting all the allegations of the hon. gentleman, which may very well be correct, I can assure him that the whole matter is being looked into urgently.

Mr. Winch: May I ask a supplementary question? What is meant by "urgently"?

Mr. Pickersgill: It would be the usual dictionary definition.

EXTERNAL AFFAIRS

INDIA—REPORTED UNJUST TREATMENT OF CANADIAN ENGINEER

On the orders of the day:

Mr. J. Chester MacRae (York-Sunbury): Mr. Speaker, my question is directed to the Secretary of State for External Affairs and concerns the case of a Canadian citizen who, in my view, is the victim of gross injustice by the government of India. I should like to briefly lay the framework for this question which concerns a Canadian engineer who served for two years in India under the external aid program. At the conclusion of his services there his assets were turned over to the government of India, that is the state trading corporation of India. He was to be paid at the original rate of the rupee; however, due to a delay which occurred through no fault of this citizen—

Mr. Speaker: Order, please. The hon. member should put his question.

Mr. MacRae: Ten o'clock, Mr. Speaker.

AGRICULTURE

REQUEST FOR COMMITTEE TO STUDY CRUELTY TO ANIMALS

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister. During the present session of parliament a number of members, I and the hon. member for New Westminster particularly, have made requests for a study by a parliamentary committee into the various aspects of cruelty to animals. The Prime Minister indicated on various occasions, the last time on November 4, that he would look into the matter at once. He also indicated that he might refer this matter to the committee on agriculture. I am now wondering whether the Prime Minister is in a position to indicate if the government has made any final decision as to which committee of this house will be given the task of looking into this matter and making an appropriate report.

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I apologize to my hon. friend for not having replied to his earlier question before now. I think I said I would look into the matter, and I can promise him now that I will look into it as a matter of urgency.

TELEVISION

ALBERTA—PROVISION OF EDUCATIONAL FACILITIES

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, my question is directed to the Secretary of State. On Wednesday last during her absence I asked the following question which appears at page 11669 of *Hansard*:

> Can he advise the house whether a decision has been reached by the government with respect to the installation and provision of transmission facilities owned by the federal government for the purposes of educational television. If that decision has been reached, when is it proposed that the facilities will be functioning?

As the minister knows, there is at this time a great deal of interest in Alberta in this regard, and the Alberta Government Telephones is in a position to provide facilities in time for next September if the federal government is not able to carry on by that time.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, the federal authorities are dealing almost daily with Alberta authorities in respect of this matter. As a result of the latest information I received a few weeks ago it would appear that facilities will be available for programming in Alberta within this year. I should like to say that I was in the hon. member's constituency on Wednesday handing out $80,000 from the Canadian government, and the hon. member not being there was missed.

Mr. Lambert: Mr. Speaker, let me ask the Secretary of State whether she will agree that the hon. member had a great deal to do with getting that money?

Miss LaMarsh: No, not that I am aware of.

FINANCE

APPLICATIONS UNDER FARM IMPROVEMENT LOANS ACT

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I have a question I should like to direct to the Minister of Finance. It relates to the Farm Improvement Loans Act. Can a farmer apply for a loan to a bank or credit union with which he is not doing business and, if so, will he likely be refused because he is not a client of that bank or credit union?

[Mr. Nesbitt.]

Mr. Speaker: Order, please. I think the hon. member is asking for a clarification or an interpretation of regulations or a statute. That type of question cannot be asked in that form.

CANADIAN CONSTITUTION

CONSIDERATION BY COMMITTEE DURING CENTENNIAL YEAR

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is addressed to the right hon. Prime Minister, and it relates to constitutional reform and the answer given to the house earlier this week by the Prime Minister to the effect that the government did not intend to set up a parliamentary committee immediately to study this question. In view of the fact that B and B, and other government officials, are studying questions regarding constitutional reform, has the government determined any role that elected representatives of the people may play in this important matter during the centennial year?

Right Hon. L. B. Pearson (Prime Minister): Yes, indeed, Mr. Speaker; and their role will be decisive when this matter comes before parliament. The position I took was that it would be desirable for the government to complete its own study of the matter before referring the matter to the committee in order that the government would be able to put that position to the committee. I hope that can be done before too long.

Mr. Grafftey: Mr. Speaker, is it the opinion of the government that this can be done during centennial year and the government's findings can be made clear, so the elected representatives of the people can also get on with the job?

Mr. Pearson: I would hope this matter could come before the committee before the end of our centennial year.

CANADIAN CENTENNIAL

TRAIL, B.C.—REQUEST FOR STOP BY CENTENNIAL TRAIN

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State based on a letter I received from a very prominent Liberal in my constituency, who is a most progressively minded person.

Some hon. Members: Oh, oh.

Mr. Nesbitt: That is an anachronism.

Mr. Herridge: He and many others in my riding—let me say my approach to this question is completely non-partisan—are very concerned about the fact that the centennial train will stop at Castlegar but not go to Trail, though there is a railroad for 20 miles connecting with Castlegar. This means that 8,000 school children alone will have to be provided with transportation to visit this train. Can the minister do something about this?

Mr. Speaker: Order, please. This representation should be made directly to the minister by the hon. member. I do not think it is a question that should be asked at this time.

IMMIGRATION

ENTRY OF BOYS TO ATTEND SEMINARY AT ST. JOVITE, QUE.

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a question to the minister of manpower. To make the question intelligible I would preface it by saying that it relates to a program of immigration of young boys from Belgium and other countries to attend a seminary at St. Jovite. I would ask the minister to look into this situation and see whether these boys are actually coming here for the purpose of attending school or whether some other activity is envisaged for them. Also, is this program being operated by a group seeking to form a new religion?

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, we will look into this matter.

EDUCATION

TORONTO—POSSIBLE CLOSING OF SCHOOLS FOR IMMIGRANT CHILDREN

On the orders of the day:

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I should like to answer a question put to me yesterday by the hon. member for Greenwood, who asked whether I had received a communication from the chairman of the Toronto board of education in relation to the possible early closing of English language schools for immigrant children. I have not received a communication from the chairman, but I have from the director of education of that board.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, if the minister has received a communication from the director, will he tell the house whether the government proposes to do anything about the financial assistance requested for these young immigrants in their schooling in English?

Mr. Marchand: As you know, Mr. Speaker, boards of education fall under the jurisdiction of provincial governments. It is not appropriate for me to deal directly with school boards. I think all negotiations should be carried on through the provincial authorities. To clarify the matter a little further, I think there is no federal responsibility in the field of language training in schools, even for immigrants. As far as adult immigrants are concerned, if they need language training in order to obtain employment opportunities I think we can help financially.

Mr. Brewin: A further supplementary question, Mr. Speaker. If funds are made available to train adults to enter the productive field, can the minister explain why young immigrants should not also receive assistance from this government in connection with training which will enable them also to get into the productive field?

Mr. Speaker: Order, please. We have only 40 minutes for questions this morning.

[*Translation*]

VOCATIONAL AND TECHNICAL TRAINING

REPORTED VARIATION IN AMOUNT OF GRANTS

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I would like to direct a question to the Minister of Manpower and Immigration about the federal-provincial agreement on vocational training and adult education. Can he tell the house why in some areas of the province of Quebec those who attend those classes get only 60 per cent of what is paid elsewhere?

Mr. Speaker: That question can be put on the order paper.

Inquiries of the Ministry

[*English*]

WATER RESOURCES

RESPONSIBILITY FOR DEVELOPMENT OF CONSERVATION PROJECTS

On the orders of the day:

Mr. J. N. Ormiston (Melville): Mr. Speaker, I have a question for the right hon. Prime Minister the urgency of which is based on the fact that a number of water and land conservation projects have been held up because the responsibility for development has not yet been designated. Can the Prime Minister indicate which department is responsible for the very essential programs of this nature, and particularly has the responsibility been allocated as among the Department of Energy, Mines and Resources, ARDA or P.F.R.A.

Right Hon. L. B. Pearson (Prime Minister): I will be glad to look into this important question.

LABOUR CONDITIONS

SYDNEY, N.S.—LAY-OFFS AT STEEL PLANT

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, my question is directed to the Prime Minister. I really regret the necessity of having to disturb him for the third time this week. Is the Prime Minister yet in a position to advise the house as to the reply of the government to the communication received from Malcolm MacLellan regarding the massive lay-off of workers at the Sydney steel plant? What is the government doing, or what is it going to do, to assist these men who are without jobs?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the government's position in this matter is that what can be done has already been stated in the house by the minister responsible. I believe I have already replied to the telegram to which my hon. friend refers. If I have not, I am very sorry and I will see it is done Monday. I think in looking up this matter yesterday it was found it had already appeared in *Hansard*; but I will check on that.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have been trying all morning to direct a question to the Minister of Labour. I would ask the minister whether he has received a wire from Mr. Martin Merner of local 1064 of the United Steelworkers of America protesting the delay and asking for a speedy processing of the unemployment insurance claims of the steel workers who have been laid off. If the minister has received such a wire, what answer has he provided?

[Mr. Speaker.]

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, having had no notice of this question I cannot recall whether I have received such a wire. I might say, however, that I have been in touch with the Unemployment Insurance Commission with regard to the lay-offs of employees in the Sydney area. My latest information is that some three or four claims have not yet been processed, but that all other claims have been processed. In the case of one claim not processed, the wrong social security number was given, and in the case of the other three or four there have been delays in getting the contribution records from the employers.

Mr. MacInnis (Cape Breton South): A supplementary question. I would ask the minister what notice he requires for a question that asks whether he has received a wire—

Some hon. Members: Order.

Mr. Nicholson: I cannot recall all the names of persons from whom I receive wires.

Mr. MacInnis (Cape Breton South): I am still on my feet, Mr. Speaker, and I would like hon. members on the opposite side of the house to give me the opportunity to ask the question. If the Grits cannot be quiet I will find other ways of getting it across. I want again to ask the minister—

Some hon. Members: Oh, oh.

Mr. MacInnis (Cape Breton South): —if I can make myself heard, what notice he requires to answer a question as to whether he received a communication from the president of the local of the United Steelworkers of America. What notice does the minister need to answer such a question?

Mr. Speaker: Order, please. The hon. member asked his question the first time. He may not be satisfied with the reply given by the minister, but fortunately according to the rules he can ask the question only once.

Mr. MacInnis (Cape Breton South): On a point of order, Mr. Speaker, I would like to make it clear that no answer was given to the question I asked.

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, I have a supplementary question. I would ask the Minister of Labour whether he would advise his colleague the Minister of Industry that there actually have been massive lay-offs at the Sydney steel plant, because the minister sloughed it off here one day and said very complacently that he did not believe there were massive lay-offs.

ADMINISTRATION OF JUSTICE

GOVERNMENT CONSIDERATION OF BILL TO ABOLISH CAPITAL PUNISHMENT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, my question is for the Solicitor General. On September 8 I asked whether the minister would tell the house what consideration the government may have given to bringing in its own bill for the abolition of capital punishment. The minister said he was not in a position to answer the question at that time. Could he now tell us whether such a bill will be brought in during this session?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, this is a matter of government policy, and I presume the Prime Minister will make the announcement if and when the occasion arises.

Mr. Knowles: Then may I address a supplementary question to the Prime Minister, Mr. Speaker. Can the Prime Minister tell the house the position of the government with respect to this matter?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am not in a position to answer that question now. As my hon. friend knows, there is a great deal of urgent legislation before the house. I cannot deal with this matter at the present time.

[*Translation*]

TRANSPORT

DORION, QUE.—VERDICT OF INQUEST RESPECTING LEVEL CROSSING ACCIDENT

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I wish to direct a question to the Minister of Transport. Is he aware of the verdict rendered by the jury at the coroner's inquest into the Dorion tragedy and what steps is he contemplating in view of that decision?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the Board of Transport Commissioners have advised me that their general counsel attended the inquest. He will be reporting to the board on Monday. As soon as the board has had an opportunity of considering his report and the verdict resulting from the inquest itself, the board will take the necessary action to get the inquiry by the board launched as quickly as possible.

[*Translation*]

Mr. Choquette: I have a supplementary question, Mr. Speaker.

I apologize for not having given notice thereof to the minister, but I know that, with his ability, he has an answer to all questions.

In view of the many complaints from various quarters about the slowness of decisions, would the minister not deem it appropriate to amend the procedure for getting adequate protection at grade crossings, in order to accelerate the implementation of those projects?

[*English*]

Mr. Pickersgill: I fear, sir, that is a question I could not answer adequately on the orders of the day. If the hon. gentleman wants to stay around until later in the day there might be an opportunity to provide an answer.

Mr. Choquette: Ten o'clock.

[*Translation*]

Hon. Martial Asselin (Charlevoix): A supplementary question, Mr. Speaker.

Is the Minister of Transport not considering a conference with municipalities in the near future with a view to setting up a policy for improved protection at grade crossings which have become so dangerous for the Canadian people as a whole?

[*English*]

Mr. Pickersgill: I would hesitate, as a member of the federal government, to attempt to arrange a conference with the municipalities. I fear I would hear from the premier of the hon. gentleman's province, and perhaps from a number of other premiers as well. I do believe there will be an opportunity later, I hope this morning, when we reach the appropriate point in my bill to give consideration to the general objectives the hon. gentleman has in mind.

Hon. Michael Starr (Ontario): May I ask a supplementary question. Can the Minister of Transport avail himself of the opportunity when the mayors of the municipalities present their annual brief to the federal government to discuss this very important matter?

Mr. Pickersgill: I did that the last time they were here, which was quite recently. I gave them the assurance at that time that we had this measure which is now before the house, and which I hope we will soon reach, which

provided for the replenishment of the fund and made certain other changes. I hope that the new commission, if and when it is set up, will give very urgent consideration to every possible measure that can be taken to expedite the installation of these protective devices.

Mr. Starr: Did the minister at that time urge upon the mayors and reeves of the municipalities that they should proceed with the installation of safety devices at these crossings at the earliest opportunity?

Mr. Pickersgill: It is the custom for the provincial and municipal governments to tell the federal government how to operate its affairs, but we have always taken the view we should not tell the provincial or municipal governments how to conduct their affairs.

Mr. Starr: You can make suggestions to them.

[*Translation*]

Mr. Choquette: Mr. Speaker, I should like to put a question to the hon. Minister of Finance, notice of which I gave him last month, having been unable to put the question at the opportune moment.

I should like to ask the minister whether it might not be possible to find additional funds for the Railway Grade Crossing Fund, since all the members agree this problem should be solved as soon as possible, and only a lack of funds prevents it from being solved as it should—

Mr. Speaker: Order. The hon. member is now making representations. He is not asking a question.

[*English*]

HALIFAX AND SAINT JOHN—REASON FOR LACK OF WINTER TRAFFIC

On the orders of the day:

Mr. J. M. Forrestall (Halifax): My question is also directed to the Minister of Transport and has to do with what now must be almost a plea on the part of the people in the ports of Halifax and Saint John. I ask the Minister of Transport what this government is doing to offset the very serious plight of these ports brought about by the lack of winter traffic. If the government has taken some steps or has looked into this matter, will he advise the house, the longshoremen and other interests in those two ports what those steps have been?

[Mr. Pickersgill.]

Hon. J. W. Pickersgill (Minister of Transport): I would have to make such an extended speech to deal adequately with this subject that I fear Your Honour would not permit me to proceed. I am sure an occasion can be found when that can be done.

Mr. Thomas M. Bell (Saint John-Albert): May I ask a supplementary question on this serious matter that has almost devastated the economic life of these two communities. Will the minister obtain full information from the National Harbours Board or other agencies as to the cause, whether it is lack of grain shipments, winter navigation or a depression in world shipping, and report to the house either on the railway bill or at some other time?

Mr. Pickersgill: I hope I will not be asked to report on so extensive an inquiry as that while the railway bill is before us, but I will be very glad to look into all aspects of that matter. Later this morning I hope to have an amendment to propose to my bill which will have a further good effect in this very field.

Mr. Howard: May I ask the Minister of Transport why he insists on referring to the bill which he is piloting through the house as the "railway bill".

Mr. Speaker: Order, please. The question is not in order.

PUBLIC SERVICE

PROFESSIONAL CIVIL SERVANTS—EXCLUSION FROM COLLECTIVE BARGAINING

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): My question is directed to the Minister of National Revenue and has to do with the hundreds, possibly thousands, of professional civil servants who will lose the protection provided by the Civil Service Act of 1962, and will find at the same time that their staff association, the professional institute, is not formally recognized as legally constituted machinery to protect their interests. There has been correspondence in this connection. I ask the minister whether, in view of the fact that these highly trained civil servants will be denied collective bargaining under the legislation, the government is considering setting up a standing advisory committee on the pay of higher civil servants similar to that in effect in the United Kingdom.

Hon. E. J. Benson (Minister of National Revenue): Mr. Speaker, first of all I should like to point out that the question of those

civil servants who will not be in collective bargaining because of being deemed to be management personnel has not been decided at this point. This will have to be decided later when the three bills have passed through the house. With regard to the other matter, the setting up of an advisory committee such as they have in Great Britain, I may say that is being considered by the government but no decision has been made at this time.

Mr. Diefenbaker: Is it not a fact that the professional institute take the view that their members will be excluded under the new legislation, and that the minister has refused to give their representative the assurance that the necessary amendments will be made to the bills to meet their apparently justifiable request?

Mr. Benson: Mr. Speaker, I do believe the great majority of the members of the professional institute will not be excluded from collective bargaining. The numbers who will be excluded have not been determined at this point and cannot be determined until after the legislation is passed by this house.

Mr. David Lewis (York South): May I ask a supplementary question. I appreciate that only some professional employees will be excluded. Will the minister consider an amendment to the present proposed Bill No. C-170 which would give some kind of consultative possibility to the excluded personnel?

Mr. Benson: This bill is before a committee, Mr. Speaker, and my hon. friend is a member of that committee. He can bring forward any suggestion he likes in the committee.

INDIAN AFFAIRS

BRANTFORD, ONT.—DECIDING VOTE CAST BY RETURNING OFFICER

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I should like to address a question to the Minister of Indian Affairs and Northern Development. I should like to ask the minister whether he has been made aware of the unhappiness and concern that have arisen over the situation of an Indian agency superintendent acting as returning officer, having to cast a deciding ballot in the Brantford reserve elections. If so, can he inform the house what steps he has in mind to avoid a recurrence of this unfortunate incident?

Mr. Speaker: Order. That question should be placed on the order paper.

Inquiries of the Ministry

SUBMISSION RESPECTING HUNTING AND FISHING RIGHTS

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. Has the minister any statement to make with regard to the submission made to him yesterday by the union of Ontario Indians with respect to the curtailment of their traditional hunting and fishing rights as a result of the migratory birds convention which was passed?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I made a rather detailed statement on the occasion of the presentation of this brief which has been published. I would be very glad to send my hon. friend a copy.

Mr. Orlikow: A supplementary question. I did hear this submission, but may I ask the minister whether officials of his department have checked, or are checking, with their United States counterparts to find out whether it is true that the United States government agencies permit Indians to hunt on their own reservations.

Mr. Laing: I made this inquiry yesterday, Mr. Speaker, but this is not capable of confirmation at this date. We are trying to find out.

CANADIAN CENTENNIAL

REPORTED STATEMENT BY SECRETARY OF STATE RESPECTING HOLIDAY

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I should like to address a question to the Secretary of State. During her recent tour she made reference to the fact that a new national holiday will be established to commemorate centennial year. May I ask the hon. lady whether this holiday will replace an existing national holiday. If not, can she tell the house in what month the holiday will occur?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I understand that press representatives in the east have indicated that I announced that there would be such a holiday, whereas in fact what happened was that I discussed with a number of representatives of the communications media the lack of a holiday on January 11 to honour Canada's first prime minister. I pointed out that most parents and almost all school authorities felt that this was far too soon after the Christmas

and New Year's holidays, and I said it might very well be that there will be another holiday some time during the centennial year to be announced. I could not, of course, give any further information.

I understand, Mr. Speaker, that as icing to the cake there has been some additional speculation here firming up this statement, which actually was never made.

Mr. Winkler: A supplementary question. Do I take it that there has been no decision taken in this regard, or is such a proposition under discussion by the hon. lady and her colleagues in the cabinet?

Miss LaMarsh: Mr. Speaker, I call my hon. friend's attention to the fact that the Prime Minister of Canada makes announcements with respect to such major matters. If any such announcement is to be made no doubt he will make it in due course.

EXTERNAL AFFAIRS

VIET NAM—POSSIBLE REHABILITATION OF CHILDREN IN CANADA

On the orders of the day:

Mr. David MacDonald (Prince): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. Earlier this week the minister said in reply to a question of mine that the government was still interested in doing something with regard to the rehabilitation of children in Viet Nam. Recent developments reported today show that in Washington a program is now being started to bring Viet Namese children to the United States for rehabilitation. Would the minister and his department be willing to consider a similar program for Canada?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the scheme that we discussed the other day was a proposal that had been considered by Dr. Gingras of Montreal for a rehabilitation centre in Viet Nam. The proposal that is implicit in this question is one which has probably been aroused as a result of the action which was announced in Washington. This action was proposed by private voluntary organizations in the United States which seek to use funds contributed voluntarily for such a purpose.

I would certainly be strongly in favour of a similar voluntary effort being made in Canada. As to whether the Department of External Affairs, or the external aid office, is giving consideration to this subject, I may say that it is now being studied.

[Miss LaMarsh.]

TELEVISION

MANITOBA—REQUEST FOR ADDITIONAL COVERAGE

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a question for the Secretary of State. On November 14 last, in reply to a question I asked relating to the extension of C.B.C. television services in northern Manitoba, the Secretary of State replied, as reported at page 9847 of *Hansard*, in these words:

> This week I should have the information before me, which may form the basis for announcing a definite date for service in northern Manitoba.

May I ask the Secretary of State whether she is now in possession of that information or can advise the house how negotiations are progressing.

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I had a very pleasant interview while I was in the hon. member's province this week, but I have not yet had an opportunity to obtain the C.B.C.'s reaction. I think very shortly I will have some happy news for the hon. member's constituents; and I should also like to thank them for the thousand-odd Christmas cards they were good enough to send me.

BUSINESS OF THE HOUSE

PROVISION FOR SHORT SUSPENSION OF TODAY'S SITTING

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, before you leave the chair for the house to go into committee I wonder whether the house would be agreeable to reaching an understanding that the committee will suspend its sittings from 1.15 to 1.45, so that we may have a little humane treatment of the members of the house.

Mr. Diefenbaker: Why not extend the humanity another 15 minutes?

Mr. Pickersgill: Because I think we would make more progress if it were not extended too much. If that is agreeable to the house perhaps it could be understood.

Mr. Speaker: Is it ordered by the house that the committee of the whole studying bill No. C-231 will suspend its sittings from 1.15 to 1.45?

Some hon. Members: Agreed.

Mr. Speaker: It is so ordered.

[*Translation*]

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Thursday, January 12, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Rinfret in the chair.

The Deputy Chairman: When the committee rose yesterday, clause 42 of the bill was under discussion.

[*English*]

On clause 42.

Mr. Pickersgill: Mr. Chairman, I wonder whether I could make a suggestion to the committee for dealing with clause 42 which is, I think, by all odds the longest clause in the bill. If it is agreeable to the committee I suggest that we take each paragraph which inserts a new section into the Railway Act and deal with it separately. I have gone over this quite carefully this morning and by doing this I think I could answer much more effectively the points that were raised by the hon. member for Acadia and by one or two other members last night. In this way I think we would really come to grips with the detail of the bill instead of having a long and probably repetitive debate on the subject generally.

As nearly as I can determine from a quick survey, the specific answers to each of the questions that have already been asked are found in each of the clauses. I think we would make much better progress in this way, if this suggestion is agreeable to the committee.

The Deputy Chairman: Is it agreed?

Mr. Baldwin: May I just understand what the minister has in mind. He suggests we treat each one of these section 314 clauses as a subclause for the purpose of our discussions?

• (12:10 p.m.)

Mr. Pickersgill: Yes. I think it would help us make orderly progress if that could be agreed.

Some hon. Members: Agreed.

Mr. Cadieu (Meadow Lake): Mr. Chairman, the constituency I represent is troubled by certain proposed rail line abandonments. The minister has said that we ought to take each clause separately, but so concerned am I and so concerned is my constituency about rail line abandonment, and so wide an area will my remarks cover, that it may be difficult for me to stay within one clause. I have a number of questions to ask the minister. Though through the years commissions have been appointed, we all know what has happened. We know that often the people did not get the hearing they ought to have had.

On the question of rail line abandonment I have a story to tell, a story about the mistreatment of the vast area I represent, a story of the treatment the people in my area received from the railway companies which fought at one time to get charters for the area. They fought for those charters and then, for many years, did nothing about them. My area has been unfairly treated.

Many people of my district, the veterans, the pioneers, have left. They waited for 40 or 50 years for the promised rail line; then being fed up with waiting, many left. Now in our centennial year we are threatened with abandonment of the line which really never was completed. We are threatened with the destruction of what we had hoped for. I am deeply concerned about this, and I wish to know the formula this commission will follow in considering what lines to abandon.

I have a story to tell; not many hon. members may have stories like this. I well remember the sod turning ceremony at Shellbrook, Saskatchewan, in 1928 for the building of the line that the company tries now to call a branch line. The project was never completed. If the line had been completed it would not have been a branch line but part of the main line on the north side of North Saskatchewan river serving the cities of North Battleford and Prince Albert, going through northern Saskatchewan on to northern Alberta and ultimately serving the entire territory north of the North Saskatchewan river. This line was never completed. Now the company applies to abandon this portion of line from Spruce Lake to Frenchman Butte so that it never will be completed.

This is unjust. We have a right to know the formula the commission will follow. To make clear what line I refer to, I am speaking of the Bolney subdivision, from Spruce Lake to Frenchman Butte running for a distance of 28-odd miles. As I say, I remember the sod turning ceremony. There were veterans there, people who had emigrated to Canada, who hoped for a new life. This crowd had already waited for 10 or 15 years for the promised

line. That ceremony took place almost 40 years ago, and today it is proposed that the branch line be abandoned. I do not call it a branch line; to my mind it is part of the main line. This request for abandonment is one of the first to be made.

I can well remember how the Canadian Pacific and Canadian National struggled to get the charter for this line, this great line, to be built on the north side of the North Saskatchewan river. This area has great mineral resources, and the line would link northeastern Alberta, with its great salt mines at Heinsburg, with the rest of the province. I can remember the enthusiasm of the settlers. I remember the colonization boards the railways had working for them. I remember how the people were told to go into the area, to settle the land, to build. They did that. They settled the land and they built fine homes and raised fine families, and they made it one of the best mixed farming countries, one we can be proud of. Now, in our centennial year we find we are to lose the railway we have waited 50 years for.

Let us take a good look at this, before we pass this clause, before we put these people at the mercy of a commission which may not give them a chance to be heard. We deserve to have another look at this matter and at the blundering of the railway companies. When I first came to Ottawa, for quite a long time I was on the railway committee. I was not too successful in bringing our case before that committee and I did not get much of a hearing. The committee was not concerned. The railway company knows it will haul the area's produce, no matter how far around it must take it. If some mining company had been involved it would have been different. Only 38 miles are left of this main line on the north side of the Saskatchewan river joining up two good northern cities in the great mixed farming country, full of natural resources.

Since attending the railway committee I have seen how the Canadian National, for instance, has blundered with some of its hotels. It tried to create accommodation for the rich, to make their travelling more convenient. The losses in our year alone would have linked the 38-mile gap and given this line an opportunity to prove whether it would be a paying or losing proposition. That this has not happened is unfair. I wish to know the formula this Commission will follow in deciding what shall give a company the right to say "We shall pull up 20 miles here, or apply to pull up another 40 miles in the next year".

[Mr. Cadieu (Meadow Lake).]

Questions like this our people are interested in. I think of another branch line, a good spur serving another vast area north from St. Walburg. Here the railroad grade was built all the way from St. Walburg to Grand Centre, Alberta, but they forgot to put the steel on it. The people were encouraged to build up the country, and it became a great country. The people kept their part of the bargain. But the Canadian National, which got the charter for the route from St. Walburg to Grand Centre, Alberta, did not keep its part.

I think of the people who came to the area, of the German population and many others who came to that part of the country; to Loon Lake, Beacon Hill, Goodsoil and Pierceland. I should love to show the minister through the country, to show him the homes they built and the good faith they kept. Now they have to haul their grain for 50 to 65 miles.

• (12:20 p.m.)

Is this fair and just? All this right of way still belongs to the various railway companies. I notice this question was raised in the debate last night. This is why I want to know something about the formula which is to be used. If justice were done the line from Bolney to Frenchman Butte would not be abandoned: the C.N.R. would be compelled to build the line from Frenchman Butte as far as Heinsburg, Alberta.

I remember so well back in 1929 when the C.P.R. and the C.N.R. each wanted a charter to get to Meadow Lake. They knew the wealth of the country. They knew that Meadow Lake was one of the great producing areas in the three prairie provinces. Unfortunately, in my opinion, the C.P.R. was successful. I have nothing against the C.P.R. or its operations but I think in all fairness the Canadian National should have had this charter because it was this company which pioneered the area of northwestern Saskatchewan about which I am speaking.

The C.P.R. wanted to get this vast wealth. It sounds unscrupulous when one begins to think about it; all they had to do was to get running rights for 65 miles over Canadian National lines. This has been the position since 1929. They ran for 65 miles from Prince Albert over Canadian National lines and had only to go 90 miles to reap all the wealth of the Meadow Lake country, without accepting any obligation to extend the line to serve people beyond the terminal point. The company realized that those men had to haul their grain to Meadow Lake. It did not care that those farmers had to haul grain 65 or 70 miles. This has been the

situation for years. The company had a joint line down to North Battleford and had built a branch line across to hook up with the C.P.R. Now application has been made to abandon some 31.6 miles of line, thus cutting the city of North Battleford off from Meadow Lake which is approximately 100 miles to the south. The company knows it has this business. It does not want to keep up this line connecting the two cities. I say the C.P.R. and the C.N.R. should be forced to lay their books on the table and either give this country the fair service it deserves or face the consequences. I would make that plain.

One company should operate in this part of the country. Why the need for these running rights? Why run trains 65 miles during which distance they are not allowed to pick up anything? Why was the company not compelled to link up with Grand Centre so as to meet the needs of the settlers who went in there and broke up this land in good faith? Those men kept their part of the bargain. What are we doing today? We are talking about applications for the abandonment of lines which should not properly be considered as branch lines; they are main lines, 36 miles long in one case and 28 in the other. No doubt the company will be able to show they are not profitable. They never were and they never will be unless the links about which I have spoken are connected up. I cannot understand why the companies have been allowed to go on all these years without being compelled to keep their part of the bargain.

I have seen the petitions which have come from the Alberta side, from the area represented by the hon. member for Athabasca—petitions with two or three hundred names on them. These people have got tired. They are resigned to hauling their grain 65 or 70 miles. Have hon. members ever stopped to realize what it costs a farmer to do this nowadays? The applications which the railway companies now have in mind are only a start. There will be others, and what is left will be even less likely to prove a paying proposition.

The bill before us is one which concerns me deeply. I regret that so far we have allowed the railway companies to get away with discrimination of this kind. Consider some of the losses incurred in railway hotel ventures. I think of the Chateau Laurier. The loss in one or two years would be enough to build this 38 miles of line to close the gap about which I have complained and give these people a chance. They have lived up to their part of the bargain. Are we going to let them down? This is their centennial year, but what have they to celebrate? We talk about building a new train which will run at 160 miles an hour between Montreal and Toronto. How do we know that this is will be profitable? The minister is encouraging these people to go to Saskatoon and see the wonderful centennial train. They know they will never see it in their area, where even their livelihood is now threatened.

I had the pleasure this summer of visiting Pine Point in the Northwest Territories. I saw at first hand what this development meant to the people there who had waited for so many years for it to happen. Do not think we lack mineral resources in northern Saskatchewan rich enouch to warrant railway construction. We have fine timber areas, we have wheat, we have iron ore north of Buffalo Narrows. Had the proper company been given the charter I think we would have reached the stage by now at which we would be asking for a northern link extending to these great national resources.

I am afraid of some of these committees. I know what can easily happen. I know that the representation of each party may be cut down to one or two members, and I am worried lest these people whom I represent will be denied a proper hearing. This is a matter we must consider very carefully before we leave this part of the bill. I have travelled through this area and attended some of the meetings. The community halls were packed because the people were concerned about losing this transportation which had attracted them to that country in the first place.

• (12:30 p.m.)

These people, many of them veterans of the first world war who have retired, and many of them immigrants whom we have encouraged into this country, will find now that after spending all these years fulfilling their part of the bargain, they will be faced with the abandonment of 38 miles of that line. If 40 years ago we had compelled the railway company to build this line perhaps today this might be one of the best paying railway lines in that part of Canada.

These are some of the things that concern me very greatly. I do not believe for one minute that today this line should be considered solely on the basis of its losses, because it has never had a chance to make profits. How could any line manage, to pay dividends if it was never finished? There is a 38 mile gap there and it goes through one of the finest mixed farming areas in Canada. This is the way the people who live there have been

treated. I am not blaming any particular government for this but am putting the blame on all of us for allowing the railway companies to do what they have done.

I think one of the railway companies could have given this country a better service if it were given the chance to do so, instead of allowing another company to get in and take advantage of the running rights over that company's tracks. I think this is a shame, and I hope before this bill is passed we will have a definite understanding of the formula upon which this commission will work.

Mr. Pickersgill: Like the hon. member for Meadow Lake I was brought up in one of these northern communities. I understand very well what he means when he talks about the kind of situation he has described to us because, according to the map which the Manitoba government used to publish, that railway line was to go to Hudson Bay but never got beyond Gypsumville. However, I believe that on examining each of the clauses of the bill the hon. member will find that they represent a great improvement over the present law and provide greater safeguards for the interests of the communities than are contained in the law we have at present.

As the MacPherson commission pointed out, if these lines are essential to the community, even if they are losing money, they cannot be abandoned. This bill incorporates real safeguards. I think the hon. member will find, on examination of each of the clauses, that they contain far greater safeguards for the interests of communities, particularly communities in the northern part of the country where there is still a prospect of further development, than they ever had before.

I did not interrupt the hon. gentleman because he is one of the members who very rarely take up the time of the house, and I knew he had something to say which was very important to him I believe he will come to realize that all we are laying down in this bill are procedures and safeguards. I do hope it will not be considered by all hon. members that it is relevant to discuss the particular situation of particular railway lines, because that is not what we are trying to achieve at the present time. What we are trying to do is to make sure that no branch line will be abandoned if it is important to the economy of the community to preserve it. In this bill we are asking parliament to vote a certain amount of money to authorize the Minister of Finance to pay the losses and keep the railways in operation in areas where they are really essential to the economy of the community.

[Mr. Cadieu (Meadow Lake).]

I think it is very important that we should pass this legislation so we will have these safeguards instead of operating under the present system which everybody agrees is quite unsatisfactory. I think the hon. gentleman will be particularly interested in section 314C. Perhaps he would run over it quickly while other hon. members are speaking. When we get to it I will try to answer several of the questions he raised and a number of questions which have been raised by other hon. members.

Mr. Chairman, I wonder we could go ahead now and deal with each of the subclauses separately as we agreed to do at the beginning of today's sitting.

Mr. Noble: May I ask the minister a short question at this time. How does the minister propose to deal with cases where municipalities gave the railways liberal grants in return for a guarantee from the railways of service for a period of years, and now the railways have decided to abandon this service although the contract has not reached the expiry date?

Mr. Pickersgill: The hon. gentleman has asked me for a legal opinion which I am not competent to give and which, under our rules, I am not allowed to give. While we are adjourned between 1.15 p.m. and 1.45 p.m. I will try to get some kind of an answer from someone who understands the legal situation in this case. If the hon. gentleman could inform me privately at 1.15 of the particular circumstances he has in mind I might be able to give him a more intelligent answer.

Mr. Noble: Mr. Chairman, I suggest that it is the Department of Transport which will make the final decision in this matter.

Mr. Pickersgill: If a valid contract exists between a railway and a municipality this will come within the purview of the courts, and if the railway is breaking a contract—I am saying this offhand—the municipality could take the railway to court. I doubt if we could legislate to change that because I would guess—and here I am transgressing the rules—that this matter of the enforcement of a contract would fall under provincial jurisdiction.

Mr. Noble: Could the municipalities expect any support from the Department of Transport?

Mr. Pickersgill: I would have to know the particular circumstances of the case before giving an answer. I do not think it would come within the purview of this particular legislation.

Mr. Herridge: Would the minister answer another question. Surely he would not object to hon. members rising to criticize deficiencies in the section as a whole and giving illustrations of experiences in their own districts in this connection.

Mr. Pickersgill: We did make an agreement at the beginning of the committee's sitting today that we would take each subclause separately, and the committee having undertaken to do that I would hope we would not revert to a general debate at this time. Unless a bill of this length is approached in a systematic way it will be very difficult to reach any conclusion at all.

Mr. Bell (Saint John-Albert): Mr. Chairman, I think we are in general agreement that we should move systematically in the way proposed by the minister, but I would point out that, as has been mentioned, some members expressed thoughts two or three times in the debate which may not have been directly related to the legal problems of administration that are implicit in some of these sections. Would it not be better if, subject to any other questions, we moved on to section 314C which deals with the likelihood of an interpretation of whether a line is uneconomic?

Mr. Pickersgill: I think if we could dispose of section 314A, which is a definition section, and 314B which deals with purely procedural matters, we could then proceed to consideration of section 314C subsection by subsection. I doubt whether there is anything in section 314A which anyone would wish to discuss in particular. Perhaps we could agree to pass it.

Mr. Muir (Lisgar): Before we leave section 314A I should like to know just whose accounting the board is going to accept. We ran into the situation previously.

• (12:40 p.m.)

Mr. Pickersgill: One of the subclauses deals specifically with accounting and we will come to that in the regular way. When he examines this clause I think the hon. gentleman will be completely satisfied. Perhaps he might not mind reserving his question until we reach that subclause.

Mr. Muir (Lisgar): Could the minister give me the number of the subclause?

Mr. Pickersgill: I read it this morning and I should have made a note of it. I think it appears after new section 314D. If the hon. member would run quickly through these items himself and look at the marginal notes I think he would find what he is looking for.

Mr. Schreyer: With reference to new section 314A, subsection (b), the definition of a branch line, I should like to ask the minister whether he has given further consideration to suggestions which were made in committee to the effect that perhaps it might be better to leave the matter of the definition of a branch line to the commission rather than attempt to give a definition in the bill.

I believe the reason for this suggestion was that lines which are other than main lines may still, in many aspects of their use, be regarded as other than branch lines. In that regard they have a peculiar status. Just because a particular line of railway is not considered in the fullest sense of the word to be a main line does not necessarily mean it is a branch line. Does the minister recall the suggestion that perhaps this should be left to the discretion of the commission when specific cases are brought before it?

Mr. Pickersgill: A good deal of consideration was given to that point. I suggested that we just leave it out altogether. It was suggested to me, however, that if we did that we would be going too far and might be implying that the railways could apply to get rid of some part of their main lines. Obviously the commission never would agree to applications of that sort, but on balance I came to the conclusion that if we were to take it out it might create fears and misapprehensions which would cause a longer debate than would be the case were we to leave it in.

The definition is so loose that I think it in fact does what the hon. member for Springfield suggests. By leaving it in we are emphasizing the fact that we are talking about branch lines and are not seeking to empower the commission or any person to get rid of the fundamental structure of the railways in this country. On balance, after a lot of consideration "comme-ci comme-ça" I have come to the conclusion that we ought to leave it in.

Mr. Fane: While we are on this item, Mr. Chairman, I should like to ask the minister why, while this bill is before the house, during the last week I received notice that the Canadian National Railways have applied for permission to abandon two 24 mile stretches of their line, one between the city of Camrose

and the town of Tofield—which is more or less a main line on the C.N.R. between Edmonton and Calgary—and the other between Vegreville and the city of Camrose, which is a branch line. Why do I receive notice now that the C.N.R. has applied to abandon those lines?

While I am on my feet I should like to take this opportunity to commend most strongly my friend the hon. member for Meadow Lake for his wonderful presentation in respect of the situation in his constituency. His presentation affects my constituency considerably because of the extension of 39.1 miles from Frenchman Butte to Heinsburg which was never completed. When that line was put in, I believe in 1926 or thereabouts, it would have cost approximately $3 million to finish that 39.1 miles. That was never done, and God only knows how much it would cost to finish it today. That line never was completed but still should be completed, because it goes through a very prosperous farming area. The people there have to ship their grain back around through Edmonton a distance of about 200 miles at least. As I said this is a very prosperous area and this matter should be attended to. There is also the chemical plant at Heinsburg. Any production from that plant has to be sent back through Edmonton. They cannot get it out for shipment to the east in any other way.

It is beyond me why in the world there is talk of abandoning these lines and rolling up the lines which my friend from Meadow Lake has told us about. These lines are feeders for that country. I think it is time we looked at this realistically. If the Canadian National Railways do run some lines which are not profitable, why in the name of heaven, when they are subsidized by the Canadian people, can they not provide a service?

Also, of course, there is the matter of the passenger runs which are being abandoned. I expect this is a matter which is not to be brought up at this time. There are, however, plenty of applications to abandon passenger runs which the former president of the Canadian National Railways personally told me were not paying. They may not be paying, but they provide a service to that part of the country which the people have paid for. These people should be able to have that service.

This is not the time, especially during Canada's centennial year, to deprive the people who opened up this country of the service which they have had through all these years. I think I will reserve the remainder of my remarks until we reach the relevant clauses. I do, however, wish to bring these matters before the minister. I should like to know particularly why the Canadian National Railways are allowed at this time, while this bill is before us, to notify me that they want to abandon two 24 mile stretches of line in my constituency.

Mr. Pickersgill: Mr. Chairman, I think I might very briefly answer that particular point. If the hon. gentleman would read what I said in response to a question from the hon. member for Acadia last night I think it would be apparent that the C.N.R. has made no new applications. These are applications which have been frozen for years and presumably are not on the map of protected routes. Therefore once this bill is passed they would be eligible for hearings.

• (12:50 p.m.)

All this does is give notice of that fact. It does not enable the commissioners to do anything until this bill has been completed, and I repeat the assurance I gave last night that when the hearings are held—and they will have to be held—they will be under the new procedures with all the additional safeguards provided by this bill when it is passed.

Mr. Fane: I hope I will be notified of those meetings in order that I may be present to hear the evidence and the formal application.

Mr. Pickersgill: The meetings will not be held in secret and I am sure the hon. gentleman will have every opportunity to be present, as will every other interested individual. That is one of the features we are providing by this new legislation, as the hon. gentleman will see.

Mr. Pascoe: Mr. Chairman, I take it that we are dealing with new sections 314A and 314B. I should like to ask some questions in respect of new section 314B.

The Deputy Chairman: May I ask the committee whether we have concluded our consideration of new section 314A?

Some hon. Members: Agreed.

The Deputy Chairman: We will now consider new section 314B.

Mr. Pascoe: I wish to speak on new section 314C.

The Deputy Chairman: May I ask then whether we have concluded our consideration of 314B?

Some hon. Members: Agreed.

Mr. Pickersgill: Mr. Chairman, with the consent of hon. members I suggest that when we consider 314C, which is the section of perhaps the greatest interest, we should take each paragraph separately in order that we may deal with them thoroughly. This is a very important part.

Mr. Baldwin: That is agreeable providing some flexibility is allowed.

Mr. Pickersgill: That is understood. There will be no rigidity in this regard.

Mr. Muir (Lisgar): Mr. Chairman, in respect of new section 314C does the minister see any reason for the inclusion of those words which seem to imply that the commission may or may not hold a meeting in respect of a proposed abandonment?

Mr. Pickersgill: There may be an unlikely case, and I am not sure this has ever happened, where absolutely no one would object following the notice and so on. In that event it would seem rather silly to go to the expense of having a hearing. That is a very unlikely contingency and I will consider that point. I am sure we will not conclude our consideration of this new section before we recess. I will consider whether it can be struck out. I do not object to that, but there is a remote chance that in respect of a small abandonment no one would object. These words have been included to meet that possibility.

Mr. Muir (Lisgar): Perhaps those words could be substituted by words to the effect that if no objection is advanced to the commission a hearing shall not be required.

Mr. Pickersgill: I would hesitate to substitute my drafting ability for the ability of those people who are skilled in these matters. Perhaps I should consult with the draftsmen during the adjournment.

Mr. Pascoe: Mr. Chairman, as I indicated, I wish to refer to new section 341C which states in underlined words that the commission shall—

> —having regard to all matters that to it appear relevant, determine whether the branch line is uneconomic and is likely to continue to be uneconomic—

Let me join with others in commending the hon. member for Meadow Lake for his very forceful presentation in respect of a local situation. I was happy to note that the minister listened carefully to him. My remarks will be more general, but they do have a bearing on this point as to whether a branch line will continue to be uneconomic.

Part V is probably the most important part of this bill so far as the prairie regions are concerned, and particularly Saskatchewan. In saying that I do not discount the importance of other segments of transportation policy, concerning trucking, airways, waterways and potential development of commodity pipe lines. However, railways are the economic life lines of Saskatchewan. I am sure the minister is aware of that fact, having prepared this map which shows the nunber of rail lines which exist in that province. No other province has a network of rail lines comparable to those in Saskatchewan, and no other part of Canada will be affected more by this part of the bill.

The yellow lines on this map indicate those lines which will be frozen until 1975, and most of them are yellow in Saskatchewan. There are some black lines, with which we will probably deal in respect of specific cases.

Hon. members from the prairies want to be reasonable in regard to railway problems and do not intend to delay passage of this bill, but we make no apology for trying to make sure the final bill is the best one possible.

Let me now refer to the essentiality of railway lines in Saskatchewan. I wish to read a few remarks of the Minister without Portfolio to bolster my argument regarding the need to seriously consider this whole matter of abandonment of branch lines. On June 28 of last year the Minister without Portfolio made a speech in Montreal concerning some aspects of a national transportation policy. He said:

> Transportation is a vital factor in Canadian economic life. It affects the price of everything that moves for sale or purchase. It determines where factories will be located. It determines accessibility to markets. It determines which regions of the country will prosper and develop.

The determination of which regions of the country will prosper and develop is extremely important to the province of Saskatchewan. Later the minister said:

> The railway monopolies remain only in a few geographical areas.

In some respects one of the areas where railway monopolies exist is in Saskatchewan, particularly in regard to the movement of bulk commodities such as wheat and potash. Later the minister said in reference to a single transport board, which will be the Canadian Transport Commission, that such a board would have total responsibility for all aspects

of transportation. One of these aspects was stated to be:

• (1:00 p.m.)

The protection of the public interest by a continuing analysis of the obsolescence or superfluity of various modes of transport, while ensuring that the abandonment by any one transport facility would not leave inadequate or inefficient services available to any particular locality.

I think that reinforces the argument I am trying to make in regard to looking at the whole situation before abandonment of any branch line is allowed. The minister has assured us in this regard. We have heard his statement on this matter. I am sure the commission will read that statement and I hope the railways will also see it. If I might, Mr. Chairman, I would now refer to the minister himself.

Mr. Pickersgill: That is a pretty dangerous thing to do.

Mr. Pascoe: He made a speech in Winnipeg to the Winnipeg Chamber of Commerce on April 27, 1966, when this bill was in process. The minister said:

The seaway, modern highway transport and air transport have ended the railway monopoly, except in a few geographical areas—

I contend again that some parts of the prairies are included in those areas.

—and, more important, except for a relatively few, but economically very important, bulk commodities—

I emphasize, as I said before, that wheat and possibly potash and lumber are included in those bulk commodities. Then the minister said:

Even where transport services are technically uneconomic, many existing services are essential to the national unity of Canada or to the economic development of certain regions.

I know the minister believes that statement and I think he is trying very hard to achieve this end in the bill. The complete abandonment of any branch line is a final step that cannot be remedied without great delay and difficulty should unforeseen developments occur in areas not now able to make full use of such lines. I refer here to the minister's words:

Even where transport services are technically uneconomic—

I refer particularly to areas adjacent to the South Saskatchewan dam, which is now nearing completion. Major development will occur as a result of this great dam. There will be agricultural and industrial development. Some branch lines in that area are unprotected on this map; they have already been listed for possible abandonment. In this connection I would refer to the letters I have received in line with those received by the hon. member for Vegreville expressing the concern of these areas that the railway lines are listed for abandonment.

In this regard I wish to put on the record some figures quoted in a press report dealing with proposed abandonments by the railway, namely, Central Butte to Grainland, 13.10 miles, Central Butte to Riverhurst, 18.02 miles. And there are others with which I am sure the hon. member for Assiniboia is concerned. The two areas I have mentioned are in the region I have been talking about near the new South Saskatchewan dam. No one knows right now what developments will result from this dam.

To bolster my argument I should also like to put on the record very briefly an editorial which appeared in the Moose Jaw *Times-Herald* of Saturday, August 27, 1966. The headline is, "West Vitally Involved In Railways' Dispute". The article reads in part as follows:

If the railroads are to be given a free hand to set rates and to lop off allegedly uneconomic limbs, it is certain that prairie Canada is the one area of the nation that stands to lose most heavily.

In terms of rates, the primary industries of the west are captives of the two rail giants. The farmer can ship his grain to export markets only by rail. The potash companies, the mining and woods industries of Alberta, Saskatchewan and Manitoba are almost wholly dependent on rail. On the other side, all the heavy equipment that comes into the west moves largely by rail.

Undue freight rate increases or, conversely, lowering of service, could hamstring the western economy and would lower the standard of living in the west.

I think that pinpoints fairly well the argument I am making that the commission should take a very close look at the situation before agreeing to the abandonment of any line, even though the railway costing system shows that there is an operating loss. I will probably have more to say later in regard to this question. The explanation of new section 314C is follows:

This amendment would enable any person who wishes to do so, to appear and be heard on any proposed abandonment.

In this connection I am arguing that it should be possible for anyone appearing before the commission to have expert advice in regard to the costing techniques of the

railway and their presentation for abandonment. This may be beside the point, but just today the Minister of Trade and Commerce made an announcement in respect of the final payment for wheat. The final payment, amounting to some $270 million, emphasizes the importance of wheat to the economy of the whole of Canada. I am saying that the commission should take a very careful look at these black lines on the map when considering the abandonment of any rail line. Very careful consideration should be given to this question in those areas which require transportation to bring their wheat into marketing position. I emphasize, that the final payment of $270 million, is the farmers' own money; it does not come from the government. Our farmers are the best spenders in the world and this money will be spread right across the whole economy of Canada.

• (1:10 p.m.)

Perhaps this point does not come directly under the section being discussed, and if it does not I apologize to the committee. I thank the minister for stating that this question will be very carefully considered, and I hope a decision is reached on the basis of current figures on the movement of wheat. I recall one committee meeting at which figures were given indicating how much more grain was being produced in Saskatchewan now and how much greater the grain movement was. We will take the minister's word that he will make certain the commission receives the latest figures with regard to the movement of wheat and the revenues the railways receive from it. I believe that is all I need to say at the present time. I will not promise that I will not speak later, but I wanted to lay this background now.

Mr. Douglas: Mr. Chairman, the proposed section 314C is the nub of the whole question of railway abandonment. I think the committee should have clearly in mind that the onus for making a case for railway abandonment must be laid squarely upon the railways. I feel that should be the basic assumption upon which all of this legislation is framed. The railways built these railways with public assistance in the form of financial grants, tracts of land with the mineral rights, and certain tax exemptions by both federal and provincial governments. These railways were built to give service to the people of the prairie provinces. The railways have done quite well financially. People have built their communities, their homes and their social activities around the railway centres.

There is going to be tremendous economic and social disruption if these lines are abandoned. I am not saying that no line should ever be abandoned. It seems to me that in this committee we have to tighten this legislation as much as possible so that the onus is on the railways to prove to the satisfaction of the commission that the abandonment will not have adverse economic and social consequences upon the communities affected. It is not enough for the railway to be able to say that it is not making money on a particular line. It may be making money on other lines and often the branch line contributes to the profits which are being made on the main line.

It seems to me we cannot assume that mere proof by the railway it is losing money on a particular branch line should be adequate ground for permitting abandonment. It seems to me we have to be sure there is clearly written into this proposed section 314C the understanding that the railway must show that the community is not going to suffer adversely. Since we are about to rise for lunch, I will just ask the minister to give his views when we reassemble on subsection (1), lines 44, 45 and 46. These lines read in part as follows:

> —determine whether the branch line is uneconomic and is likely to continue to be uneconomic and whether the line should be abandoned—

Are those to be the major criteria? I recognize that in subsection (2) other criteria are set out. However, I greatly fear that the restrictive criteria set out in subsection (1) may be interpreted to mean that the sole consideration will be whether the branch line is uneconomic and likely to continue to be uneconomic.

Mr. Pickersgill: If I may turn the tables at this point, I should like to ask the hon. member a question. Does the hon. gentleman not think it must be a necessary condition because the bill, as it is drafted, will specifically prohibit the railways from abandoning a line that is economic? Therefore, even to be heard the railways have to prove in the first place that the line is uneconomic and likely to continue to be uneconomic. It is very unlikely they would apply to abandon it otherwise.

We may save a great deal of time if I just remind all members of the committee of one simple fact, and it is this. The fact that a line is a loser or that it is uneconomic does not mean that it is going to be abandoned. This legislation provides that the Minister of Finance may pay to keep these uneconomic lines in operation if they are necessary to the

economy of the region or if they provide an essential service to the region. We are not putting the burden on the other lines of the railway. We are accepting that as a burden on the treasury. That is the whole scheme in the bill and there is no such provision in the law as it stands now. I believe that is the great defence of this part of the legislation.

The Chairman: Order. Pursuant to an order of the house made earlier this day this sitting stands suspended until 1.45 p.m.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 1.45 p.m.

The Deputy Chairman: Order. House in committee of the whole on Bill No. C-231. When the committee rose at 1.15 it was considering new section 314C (1) of clause 42.

Mr. Watson (Assiniboia): Mr. Chairman, having just celebrated the birthday of Sir John A. Macdonald who was so instrumental in building confederation, shortly after which the railways to hold and bind Canada together were also built, it seems odd that we are now discussing this bill which seeks to do away with a good many of the lines which were planned and constructed in the early days of confederation.

Like many other members from western Canada I am very much concerned about this particular section of the bill pertaining to rail line abandonment because I happen to have in my riding approximately 250 miles of unprotected lines. I have also received up to the present time copies of three applications, two by Canadian National Railways and one by the Canadian Pacific Railway, for abandonment of some of these lines. This question falls into three categories which are dealt with in the proposed section 314C. I should like to make one or two comments on what the minister said last night about clause 89, I believe it was, when answering the hon. member for Acadia. The minister said, as found on page 11739 of *Hansard*:

> • (1:50 p.m.)
>
> —but everybody agrees that some of them should be abandoned and might well be abandoned as quickly as possible because all they are doing is costing the taxpayers of Canada money for a very, very inadequate return.

Later I shall produce figures that may clarify the picture. The minister went on to say:

> Of course we have an undertaking that no hearings will be held until this bill has been disposed of by parliament one way or the other.
>
> [Mr. Pickersgill.]
>
> I suggest that if this bill is passed, under the legislation the governor in council will have the power to require all the hearings to be held in accordance with the new criteria and the new standards. But I think it would be rather unfair, since most of these applications have been in for years, to say that the railways must start all over again—

With regard to the applications made in the early 1960's, most of the figures go back to 1959, but between 1959 and 1965 the farming picture has changed and I have figures to show that. If we look at the volume of shipments in 1966 we will see that 1966 was one of the best shipping years on record. For these reasons there must be new applications in most instances because the figures now are different from those in 1959.

Mr. Pickersgill: I can reassure the hon. gentleman on that point. All that is meant by people not having to apply again is that the applications would be there, but they would have to bring their figures up to date before hearings were held or there would not be hearings. That is clearly provided in the bill.

Mr. Watson (Assiniboia): Thank you. As I understand it, the applications are there and the railways will not have to make new applications but must bring their figures up to date.

Mr. Pickersgill: Quite.

Mr. Watson (Assiniboia): To make my point I wish to refer to a specific line running from Radville to Goodwater, a distance of 26.8 miles, in the Goodwater subdivision. I mention this line because it falls into a different category from others with regard to which I have received notice of applications to abandon. This line has operated on what is called a required services basis for the last number of years. The figures are interesting. According to the 1959 figures, 187 carloads of material were shipped on this line. In 1965 463 cars carried outward bound loads. There has been an increase in the traffic from Goodwater and Colgate on this line. Traffic out of Colgate has risen by 222 per cent and out of Goodwater by 70 per cent since 1959. These figures are significant and must be brought up to date. We must look again at the situation. I do not for a minute suggest that the service should be other than on a required basis as at present.

In the Canadian National brief to the Board of Transport Commissioners the railway shows gross revenues of $110,349 in 1965. It shows the total cost of operation and other expenses as $177,426, with an annual long term financial betterment for the railway

through abandonment of $67,077 which represents what might be classed as "other expenses". The actual on-line and off-line expenses for these 26 miles amounted to $110,670. The line showed a net loss of only $321 in 1965.

I wish to refer to another sheet of this brief containing an analysis of the variable expenses for 1965. On this line, known as the Goodwater subdivision and extending for 26.84 miles, the actual on-line cost of the 25 trips made during 1965 was $5,800 and off-line expenses were $104,870, or a total of $110,670 for expenses charged to the line. As long as figures of this type are used I maintain that the railway can prove that any branch line in Canada is uneconomical.

On another line running from Radville to Willow Bunch and Avonlea it is interesting to find these items of expenses. For instance, the on-line expenses of a locomotive total $320 and the off-line expenses for the same line are $13,680. Another significant figure concerns the wages for the train crew on this line. The figures quoted are $2,880 for on-line charges compared with off-line charges of $14,960. The same sort of figuring holds true throughout the accounting for this line. For instance, fuel for this line is given at $300 and the off-line expenses total $7,410. I know this breakdown is not of much interest to the committee but these figures prove that lines such as these are basically not uneconomical.

I wish to refer to what the chairman of the Canadian National Railways said in a speech in Winnipeg.

• (2:00 p.m.)

Today on a thin-density railway branch line—that is to say, a line that carries almost entirely grain and where the total volume originated is about 1,000 cars for a 60 to 70-mile line over the course of a year—it can cost the railway ten to fifteen cents or more per ton mile to carry grain to the main line, whereas truck costs for the same movement are in the range of four to eight cents per ton mile—or only half the cost. Most farmers today, because of the greater mobility provided by the truck, can deliver as much grain to an elevator in one day as they could in one week when they used team and wagon and they often now voluntarily haul their grain longer distances.

What he says is possibly true. But I suggest that if the Board of Transport Commissioners feels that such lines are uneconomic and must be abandoned, and if what the chairman of the C.N.R. says is correct, then the railway companies have an obligation to move the grain out of these areas. The onus should be placed on them if they feel they can do it as economically as they say they can. On the other hand, if we assume that individual farmers can haul grain cheaper it only means that the direct cost will fall on individual farmers hauling to various points instead of the cost being borne by farmers in general. If the railways abandon lines such as these in the southern part of Saskatchewan along the Montana border, grain will have to be taken to Moose Jaw which is on the main line, across to Regina and then to Saskatoon in order to get it to the main line to be transported to the lakehead or to the west coast. The grain would have to be back hauled 250 miles before moving east or west.

Mr. Pickersgill: The hon. member has probably looked at the map of the protected lines. Could it not be moved from Regina on the Marysfield line of the C.N.R. without it having to go to Saskatoon?

Mr. Watson (Assiniboia): The minister is possibly right. Possibly that is the way some of it will go. In this area we are on the dividing line with regard to whether the grain goes to the east coast or the west coast. At one time most of our grain did go east and it probably went on the line the minister mentioned. I thank him for bringing this to my attention.

I want to speak about another line concerning which I have just received statistics. I shall not go into great detail since it is very similar to the ones I have already mentioned. But I still think the committee should know the formula which it is intended shall apply and also the amount of traffic needed to protect these lines. I am thinking now of the Bengough subdivision where an application has been made to abandon a distance of 50.46 miles. I shall not give many figures on this application but I wish to point out that in the first 22 miles from Avonlea three brand new elevators have been built during the past ten years. The most modern of these was built in 1966, 22 miles down the line at a cost of $82,000. Another new elevator was built in 1964 with a capacity of 80,000 bushels, at a cost of $82,000. A third was built in 1956 at Dummer. It has a capacity of 70,000 bushels and cost $70,000.

I point out that in 1965 more than one million bushels of wheat were moved from these three points alone on this portion of the line. I wish to emphasize most strongly my belief that in no circumstances should this portion of the line be abandoned. I do not

think the residents of the communities concerned would have any objection to the removal of the regular freight trains which go through on Tuesdays and Thursdays and make return trips. Basically these trains are not necessary. We admit that most of the local shipments of groceries and so on are carried by truck.

The railway company states in its brief that the farmers can haul their grain to two or three alternate points. However, these points are on lines which will be up for abandonment when the protection is withdrawn in 1975. The elevators there are in much poorer condition while the line from Bengough Junction happens to be in good shape. I believe these are lines which must be protected. The minister can look into their condition himself.

With reference to the other statistics I mentioned previously I would point out that Avonlea is the junction. From there the line, which is not protected, runs to Mossbank and onward to another area. The line runs from east to west and if it were abandoned a real hardship would be inflicted on farmers in the area who would have to truck their grain out.

• (2:10 p.m.)

In its brief the railway company points out that there are a few highways which run east and west or north and south. I feel that the highways in these areas are not adequate and are of no benefit to the farmers in hauling grain to local stations. When these lines were laid down in the early days the farmers had no say in the choice of land on which tracks were laid by the railway company. As a result of the abandonment of these lines the over-all cost of hauling grain to the alternate designated elevators has proved to be a direct burden on these farmers. I believe that until such time as a definite program is established with regard to the abandonment of railway lines we should be told what to expect in the way of better roads because this is closely tied in with the cost of hauling grain. The number of trucks available at present is certainly not adequate to move the millions of bushels of grain that now move over the lines which have been slated for abandonment.

I believe also that we must take a look at the position of the elevators which were built on these lines. What compensation will the elevator companies receive, many of which are owned by the farmers in the province while others are owned by private grain companies? We should consider the over-all cost which will have to be carried by the individual farmers.

[Mr. Watson (Assiniboia).]

I do not wish to take any more of the committee's time but I do want to mention another line about which I do not have any statistics. I am referring to the line from Rockglen to Killdeer, Saskatchewan, which services an area of some 20 miles on the southern border of which lies the United States. There are no adjoining lines to the north of it. I believe that such a line has a service to perform in the community. The reason for building this line still exists today. When this bill is passed I hope to be in a position to present a brief requesting that the assessment of the present situation be brought up to date before any consideration is given to further abandonment of lines.

[*Translation*]

Mr. Asselin (Charlevoix): Mr. Chairman, I feel we have now reached a most important part of Bill No. C-231. The section now before us is the one which most concerns the population. That is why, without wanting to delay the work of the committee, I should like certain provisions of section 314C to be defined. I would ask the minister to give us, if possible, some absolutely essential information before we proceed any further with the study of this bill.

Of course, the province of Quebec has never been spoiled by the railway companies as far as extending their railway system is concerned. I do not have any statistics here, but a careful study of the mileage of railway lines built in the province of Quebec will show that the economy and development of our natural resources have been delayed in many cases due to the failure of the railway companies to take the necessary steps at the proper time to build the branch lines which could have been used for the development of our natural resources.

The chambers of commerce in my riding, as well as those of the north shore, have asked the C.N.R. to consider the advisability of extending the line from La Malbaie to Seven Islands in order to take advantage of the iron ore operations in Seven Islands and secure such advantages not only to the railway companies, but also to private companies and all taxpayers. But since the railway companies have failed to take, at the proper time, the required steps to make surveys, they must now face the competition of the trucking firms.

This competition is very strong in Quebec at the present time, because the provincial

government has built highways reaching the most remote corners of our province, and this has benefited the trucking industry. But, if the railways had taken appropriate measures when the time was ripe, extending their lines to the far-away places, they would surely be making enormous profits today.

Mr. Chairman, section 314C stipulates that the commission, which will regulate the abandonment of railway lines, shall take all relevant factors into account.

I should like to ask the hon. minister what are the most relevant factors which could be brought before the commission, in order to show that operation of a line is profitable or unprofitable. Railway companies will appear before the commission and request permission to abandon a particular line, or passenger or freight service. Here is an example: A railway line connects La Malbaie—which is in my riding—with Quebec city.

This railway company—the C.N.R. obviously—operates passenger and freight trains, and I am informed that the railway company intends to file an application to abandon the passenger service between La Malbaie and Quebec. I would like the minister to give us information on the relevant factors which I feel are essential to understand the meaning of section 314(c), that is the application by railway companies to abandon certain branch lines.

As I was saying, if a company seeks to eliminate its passenger service operations between La Malbaie and Quebec, will the commission responsible for consideration of such a request also be empowered to demand that such railway company submit all the figures to the commission, those covering the passenger service operations as well as those covering the freight operations?

I know very well, and I am obviously not here to present the case of the Canadian National Railway company which is about to apply for abandonment of passenger train operations between La Malbaie and Quebec, that this line is not profitable for the company, in my view, but I know, on the other hand, that the company is making enormous profits from its freight operations between Quebec and Clermont. If the company appears before the commission to ask for abandonment of the passenger service operations, I wonder if the commission will be allowed to demand the tabling of all figures covering the company's freight operations because, according to my understanding of the bill, its purpose is also to protect public interest and not only to salvage the finances of the C.N.R. or of the other railway companies.

I feel that the legislator must be guided by public interest. Now, it happens that, as is the case in my area, passenger service operates at a loss while freight transport nets the C.N.R. considerable profits. Naturally, it would be up to the commission to decide what should be done. But I would like to know whether the commission will be authorized to demand from the railroad companies, in specific cases such as the one I mentioned to the house, that they reveal all financial operations and figures on lines similar to that running between Quebec city and La Malbaie.

Should the commission decide, in spite of operating losses on passenger traffic, that public interest warrants maintaining that service between La Malbaie and Quebec city, I feel it would be justified in so doing, in view of the profits made by the freight service.

That is the information I would like the minister to give us before we proceed with section 314C. I repeat my question: would the Canadian Transport Commission which is to be set up have the power to demand of the C.N.R. that they produce before the commission all operating figures and profits on both freight service and passenger service on a particular line, in order that the commission might be able to reach a well-informed decision?

• (2:20 p.m.)

[*English*]

Mr. Pickersgill: If the railway were to apply to abandon the line, figures would have to be given to show that it was losing money; otherwise it would not be allowed to abandon in any case. If, however, the intention was to continue the line but to apply for abandonment of the passenger service, this would come under sections 314I and 314J. I would prefer to wait until we reach these sections before I answer the hon. gentleman.

Mr. Herridge: Mr. Chairman, I have a few words I would like to say in respect to subsection 1(c) of new section 314J. The words used here are " 'uneconomic service' means a passenger-train service", and so on. I think this is the core of the bill.

Mr. Pickersgill: There is an understanding that we would take these items section by section. If it is in respect of passenger service that the hon. gentleman wishes to speak, perhaps he would wait until we reach new sections 314I and 314J.

Mr. Herridge: I have been sitting here all day awaiting an opportunity to speak. I believe what I have to say comes under this section.

Mr. Pickersgill: Is the hon. gentleman referring to the total abandonment of lines or is he referring just to passenger service?

Mr. Herridge: Passenger service.

Mr. Pickersgill: We are on section 314C which has nothing to do with passenger service. At the beginning it was agreed that we would take these sections one at a time. I am sure the hon. gentleman would wish to abide by that agreement.

Mr. Herridge: Very well, if I am able to retain my place at that time.

The Deputy Chairman: Yes.

Mr. Muir (Lisgar): Mr. Chairman, perhaps this is the time to refer again to my question in respect of accounting. I understand we are on section 314E, subsection (7). Is that right?

Mr. Pickersgill: We are on section 314C, subsection (1).

Mr. Muir (Lisgar): I am sorry.

Mr. Pickersgill: We are at page 25 of the bill. I think the hon. member for Springfield wishes to speak on this section.

Mr. Schreyer: Mr. Chairman, before we rose at 1.15 I believe the minister said that during the recess he would take some of the representations under advisement. Is he now in a position to indicate what if any accommodation he will make in respect of the recommendation that the words "if any" which appear in subsection (1) of section 314C should not be allowed to remain and whether he will agree to the deletion of them?

Mr. Pickersgill: It appears that I can rely on my instincts. Perhaps I should even go so far as to praise myself by saying that my explanation in this regard was perfectly correct. The reason the words "if any" are in this section is it is felt that sometimes no one will wish that there be a hearing. In this event it is felt that we should not waste the time of the commissioners in going to some place in Canada where they would have to acquire hotel rooms and a hall when no one would turn up at the hearing. Therefore I am advised that it would be desirable to leave these words in.

[Mr. Pickersgill.]

Mr. Schreyer: I should have thought that a correction could be made here which would serve to clarify the intention the drafters had when drafting this paragraph. I suppose, however, that it is sufficient so long as it is clear on the record that if any residents of a given area or any interested parties or citizens wish that a hearing be held pursuant to an application for abandonment the hearing shall be held.

Mr. Pickersgill: I think that it is more than understood. It is an express provision of the proposed law. I am so advised.

Mr. Schreyer: That being so, I should like to make some comment in respect of another aspect of subsection (1). It has to do with the use of the term "uneconomic" wherever it appears in subsection (1) and in all subsequent subsections of section 314C. My reason for doing so is that I believe the term "uneconomic" is not very precise. I think we would all agree that in drafting legislation the object is to be as precise as possible.

If I remember correctly the intent of this provision, it is that an application for abandonment shall not be taken into consideration unless the particular line of railway actually is incurring a loss to the railway. Is there any good reason why the words "actual loss incurred" were not used here rather than the word "uneconomic". To me the word "uneconomic" implies that it may very well be that there is no loss incurred but that perhaps there is a very, very small margin of profit which could be construed as being uneconomic. I believe what we want to embody in this legislation is the idea that applications shall be considered only if the railways can prove that they actually are incurring a loss.

Mr. Pickersgill: Perhaps I might save some time if I were to point out that they do have to prove that there has been an actual loss. This will be seen in the earlier part of the clause. I think originally we used the words "actual loss" but changed them to "likely to continue to be uneconomic" on a suggestion from the Manitoba Branch Lines Association. This was done in order to give the commission greater scope in saying that lines should not be abandoned. This would give greater scope than the words "actual loss" because it is conceivable that the railway might be incurring an actual loss on the line and yet it might be considered to be economic in the general interests of the community. In that event the commission has much more scope to say that the line must not be abandoned.

• (2:30 p.m.)

I was rather impressed by the arguments put forward by the Manitoba Branch Lines Association. It was suggested that this phrase would give the commission more scope and more justification for refusing to allow an abandonment and it was included for that purpose. I think it will be found that in no case is this phrase used to assist the railways. It is used in all cases to assist the commission in coming to the conclusion that, notwithstanding the fact that there may be a loss, it is still in the interests of the whole community to have a line retained.

Mr. Schreyer: The minister's argument in respect of subsection 1 is quite convincing and one is almost immediately ready to concede the point he makes. However, when one reads the subsequent subsections he finds that the word "uneconomic" is used without reference to proof of actual loss. I wish to stay within the bounds of what we should discuss but for purposes of illustration let me refer to subsection (3) of new section 314C, which reads as follows:

In determining whether an uneconomic branch line or any segment thereof should be abandoned—

There is no reference there to the concept of actual loss incurred.

Mr. Pickersgill: Perhaps the hon. gentleman would read paragraphs (a) and (b). Perhaps we should look at this phrase each time it occurs to determine the sense. I am sure the hon. gentleman is satisfied so far as subsection 1 is concerned.

Mr. Schreyer: I think the minister's suggestion is a good one.

Mr. Kindt: Mr. Chairman, I should like to make a few remarks in respect of the abandonment or rationalization of a specific branch line. It has been rumoured that the line from Cardston through Hill Springs to Glenwoodville, is to be abandoned. There is nothing certain about this but it is marked on the map issued by the minister's office, which was published in almost every western newspaper. This map has caused the people of this area some concern, as the result of which they have formed a citizens' organization to protest.

This organization has written to the Board of Transport Commissioners, the minister and myself, and I was invited to attend a meeting at Glenwoodville about a year ago. The meeting was well attended; in fact the hall was full. Even the Hutterites who farm in that area attended the meeting, and took part in the discussions. I mention this fact to indicate the tremendous interest the people of this area have in respect of this rumoured abandonment.

The line from Cardston to Glenwoodville is 21.5 miles in length. The Canadian Pacific Railway is faced with no other competitive railway in that area. If the line is abandoned the farmers will be forced to haul their grain approximately 20 miles to Fort Macleod, Cardston or Pincher Creek. Under the Crowsnest Pass agreement the C.P.R. now receives 23 cents per bushel for hauling the grain from these various areas to the Lakehead or Vancouver. Although it has not been publicly stated it is generally understood that should the line be abandoned the C.P.R. would still receive 23 cents per bushel for hauling grain regardless of where the grain is loaded.

Obviously the officials of the C.P.R. are not concerned about the farmers' cost of hauling. This is a high production area so far as wheat, oats, barley and livestock are concerned. The obvious reason for abandonment is an economic one so far as the C.P.R. is concerned because the railroad will receive the same revenue without having to move box cars into Hill Spring and Glenwoodville. The C.P.R. is attempting to force the farmer to haul his produce to Fort Macleod, thereby shifting the cost of hauling to the farmer. The C.P.R. is in the position that it can take this attitude without fear of competition. It is in a position to play the economic game. It wants to abandon the line and force the farmers to haul their grain to Fort Macleod, Cardston or Pincher Creek because it will save that expense without any reduction of the 23 cents per bushel rate paid under the Crowsnest Pass agreement.

• (2:40 p.m.)

Let me now refer to a point which probably has not been brought to the attention of the minister previously. I have in mind the criteria in relation to rationalization and abandonment. The new board will have to take an entirely new situation into consideration. I am pleading with the minister to realize how important it is to have some touchstone in connection with costing matters before lines are abandoned. Let me deal with the question of costing. When arriving at the costs of operating the branch line from Cardston to Glenwoodville, what costs will be taken into account? I venture to suggest that this great image, this commission we are setting up in

this bill—and God bless them—will never be able to arrive at proper costs. With respect to the question of income tax, there is no doubt that the C.P.R. has written off over the years depreciation for a large proportion of the box cars that roll into this area. Is the depreciated value the one that will be used for rolling stock in computing costs and costing? In arriving at costing figures you have to assume an interest rate. What interest rate will be assumed? There is no mention in the bill of the criteria that will be used in deciding whether a line should be abandoned, except the costs and revenue comparison, and I am questioning the methods to be used to arrive at C.P.R. costs and revenues.

Mr. Pickersgill: Mr. Chairman, could I interrupt the hon. member to make the point I have made twice before? We did agree to deal with each of these paragraphs separately. There are two or three paragraphs that deal precisely with costing. I wonder whether, in order to carry out the spirit of that undertaking, the hon. gentleman would wait until we reach the paragraph on costing and relate his observations to what is in it instead of dealing with the matter under this paragraph which does not relate to costing?

Mr. Kindt: I shall be glad to conform to the suggestion of the minister. However, in justification of what I am saying, I do not think one can take a particular problem, chop it up into a number of chunks and deal with each one separately when the minister or somebody else gets around to discussing it, because by then one's line of thought has become completely interrupted.

Mr. Horner (Acadia): Mr. Chairman, on a point of order, would the minister be a little more explicit and tell us what section does deal with costing, if not section 314C, with regard to which the side note reads, "Action on application after verification of costs and revenues by commission"?

Mr. Pickersgill: Mr. Chairman, I think the hon. gentleman was out of the chamber when we agreed, in relation to new clause 314C, to deal with it paragraph by paragraph. This section does not deal with costs. That is all I meant. I suggested that we should wait until we reach the clause that does deal with costs, because we made an agreement to that effect.

Mr. Kindt: Mr. Chairman, I do not want to seem to override any decisions which have already been made. Under clause 42 all I am dealing with is the question of rail line abandonment and the rationalization of lines and operations. I am trying to put before the minister the problem as presented to me. As I understand it, the people who live in the area from Cardston to Glenwoodville are vitally concerned about the possible abandonment of this line.

There is the question of where the hearings of this commission will be held. If they are to be held in Lethbridge, where there are hotels, fine restaurants and every convenience for the commission, that is one thing. But you will not get all the farmers there. You may get a few but that is all. On the other hand, if the meeting to consider the abandonment of this line is held by the commission at Glenwoodville or Hill Spring, good halls are available but perhaps the commissioners and their staff would have to take lunches along with them. There is a small restaurant in the town. If the meeting were held in either of those places the people would turn out by the hundreds. I am raising those matters which will present difficulty in connection with the hearings. You cannot convince these bureaucrats that they should schedule meetings to meet the convenience of the farmers and people affected; the bureaucrats will meet their own desires in this connection. They will advertise in the local newspaper the place in which the meeting will be held, but the venue will satisfy their own convenience.

I raised this point with the minister this morning and he said he would consider it. I feel very strongly about this matter. I hope I do not have to send the commission a wire when they announce that they are going to hold the meeting in Lethbridge or another town where the farmers will have to travel 40, 50 or more miles in order to attend the hearing. I believe it would be far better to hold the hearing where the people are rather than to make the people go to some central point in a big city where the convenience of the commissions is the first consideration in scheduling the meeting there.

Mr. Pickersgill: Mr. Chairman, I may say that I agree with the hon. gentleman on that point.

Mr. Kindt: I thank the minister for that remark. I hope that when the time comes the meeting will be held where the farmers are, and where the best attendance can be obtained. In that way all concerned can arrive at a better understanding of the facts. If the farmers are able to turn out and listen to the

briefs and arguments presented at the hearing, they will better understand the situation, perhaps support it or at least be more tolerant in accepting the decision of the commission. This will be the case if they are given the opportunity of participating in the hearing and understanding the different points of view put forward by the interested parties. In my opinion, to do this would be just good government. I believe it should be specified in the bill that the meetings should be held at places which afford the greatest convenience to the people concerned in order that they may readily attend.

In accordance with the request of the minister, I shall reserve what I have to say about costing. At a later time I shall have something to say in this regard. The people of this area understand that the reason the C.P.R. intends to abandon this line is largely that they receive only 23 cents per bushel for the grain whether it is picked up at Glenwoodville, Cardston, Pincher Creek or Fort Macleod. Therefore the railway reasons: We might as well pull the rails up on that 21.5 miles of line and force the farmers to haul their grain to main line centres 20 or more miles away.

• (2:50 p.m.)

This matter has been given a great deal of thought in that region. The idea seems to be prevalent throughout the area that it is a foregone conclusion that the C.P.R. wants to abandon this line. I want to again call attention to what the minister has said, that there can be no abandonment until after this bill has been passed and a public hearing is held. All you have to do is look at a map to see that there is no competition with the C.P.R. It has no competition south of Calgary and therefore has a complete monopoly. I made economic and costing studies in that area in connection with the establishment of a big steel plant. We were unable to get financing in New York because there was no competing railway line. That is the situation there. I am trying to show the minister that this is one more example of the fact this railroad company is trying to put the people of various areas in a difficult position because it has a monopoly on the railroad business in the particular area.

Mr. Hamilton: Following the remarks of the hon. member for Macleod I want to discuss this proposed section in what I hope will be a constructive way. I hope I shall be helping the hon. member for Macleod, several other members and the minister out of what I think could be quite a lot of trouble. One of the key thoughts in the proposed section 314C is that the commission shall, after such hearings, if any, do so and so. The proposal I wanted to make was that a good deal of the heat could be taken out of these various applications for abandonment if it were understood that there would be hearings in every case. In addition, criteria or guide lines should be set up covering the reasons for the abandonment of railway lines.

In an earlier speech I adopted the belief that one should not examine the revenue position of a line from line A to B in deciding on whether or not it should be abandoned. As has been suggested here by several members, we have had too much experience with the loading of costs on any line that is up for abandonment. This has left a bad taste in our mouths. When the 1964 bill was being considered I suggested one other criterion. I felt we should divide the prairies into a series of regions. If within a region the railways had losses, then those losses should be met by way of subsidy or whatever might be in mind. At one time I even considered the possibility of lumping the whole grain gathering area of the prairies together. If it were properly rationalized for efficiency and there were losses within this area, then this would be the criterion for paying subsidies.

I think the minister and I both agree that these guide lines are obsolete as a result of the new knowledge we have now. This knowledge comes primarily from the work done by the western grain companies, the three pools. They have collected statistics to show the amount of grain generated on every mile of track in western Canada. I am sure the minister has the same tables I have. When the government announced, for example, at our request that certain lines would not be abandoned I am sure they used this new user concept. If the farmers are not using a line to deliver grain, there is no income for the railway. If a major amount of grain is generated along a line, then that line should not be abandoned. If that were the criterion, then I think it would save a lot of trouble for members who represent these western ridings. I think the minister, at least once, put a figure on the record. If we knew what that round figure was which was used as the dividing line between those branch lines we are not going to abandon and the ones that are up for consideration, it would be easier for us to face our constituents.

This is my first question, and it really goes back to the overall proposal I should like to make to the minister dealing with this whole

proposed section. If I had my way, I would have put 314G in as 314A because section 314G is the one that does give the power of strong directives to the governor in council. It is under that provision in this bill that the government directs that certain lines will not be abandoned until 1975. This list of lines should have been included as an appendix to the bill. In the following six or seven clauses we could then have dealt with the procedure to be followed in connection with the abandonment of lines. Here we would be talking about only a small percentage of the total lines in western Canada. However, this is a detail and does not affect the final working out of the whole operation.

Mr. Pickersgill: I think the hon. gentleman is quite right, but he knows that there was a certain time sequence. The bill was introduced before completion of the work on the map and there is a chronological reason why this was not done.

Mr. Hamilton: I am not suggesting that it be done at this later stage.

Mr. Pickersgill: No, we cannot do it now.

Mr. Hamilton: I am simply saying that this is the way I would have done it. I should have liked to see a provision in this bill establishing the user principle as the major criterion for abandonments. All the other things mentioned in these clauses are part and parcel of the considerations in arriving at a decision. If a prairie audience could be presented with this principle when a line was up for abandonment, and at the same time if one could indicate the amount of grain generated on that line in the period from 1943 to 1953 and the period from 1953 to 1963, as well as in the last two or three years, the people would know whether or not the line was being used. If the farmers were not using the line and if they desired that the line be kept, there would have to be other reasons such as social, lack of alternative modes of transportation or something else in order that a subsidy would be provided to keep the line open. The basic principle to be adopted in considering the abandonment of a line should be the user principle.

I think this is a dramatic step forward. I do not have to tell the minister about my own particular constituency to illustrate how ridiculous the situation can be. The Canadian National applied to abandon the line running from Maryfield in Saskatchewan to Lloydminster on the border of Alberta, a distance of 488 miles. The company claimed they had figures to show the line was running at a loss. When the traffic figures came to light they indicated that this line generated in the year 1962-63, which was not our best year, 49.9 thousand bushels per mile. The company then dropped any pretence of abandoning this line. This is the dilemma facing members who represent people in the prairie areas in which abandonments will take place. If they knew that the user principle would be the major criterion and if they could be provided with these traffic figures, they could go back to their constituents and say, this is the cut-off point. I do not know whether the minister is prepared to say what the cut-off point is, but it would be a big help if we could go back to our constituents and say we have agreed that no line will be abandoned if it is being used. If the line is not being used, then there must be other reasons for keeping it.

People are fairly reasonable if they know what is happening. What is bothering hon. members is that they know the region, they know the geography and yet they read that these lines are going to be abandoned. One cannot expect the railway, purely as an economic corporation, to be concerned about the social problems of the area. One cannot blame the railway as an economic corporation for looking at the matter on a dollars and cents basis.

• (3:00 p.m.)

It would do a good deal to take the heat off if the minister would say that in the case of the few applications which are coming forward, and they are relatively few compared with the original number, hearings will be held in each case. The applicants will be told where the cut-off line on generation of traffic is so that this matter can be debated. But the fact that they are going to be given a hearing will relieve the pressure quite a bit.

Mr. Pickersgill: Mr. Chairman, since the hon. gentleman is obviously trying to be helpful might I be allowed to deal with the points he made.

I have already said twice—I am not saying it is the hon. member's fault this has been raised again but he just did not happen to be here at the time—that there will have to be hearings in every case unless by some remote possibility nobody wants one. In all of the cases I know anything about there are interveners who want hearings, and there will be hearings.

I have said this two or three times, and I am very happy to repeat it. There must be a

hearing under the provisions of this bill, and it is the criteria in this bill that are going to apply to all of these hearings. I indicated that last night. The moment the act is passed we will pass an order in council directing the board—obviously the commission will not be set up right away—to use the criteria in this bill, and not the old criteria, when considering these applications.

It was also my intention to ask my colleagues as soon as the bill received royal assent to pass an order in council to which this plan will be annexed. We have the power to do this under new section 314G, so it is just not a statement of intent by the government but will be a regulation made under this law with the same force and effect as though it were an appendix to the bill. It would have been appended to the bill had it been ready when the bill was ready, but its legal effect will be precisely the same.

The one thing I am not able to do is to give the notional figure to which the hon. member made reference, because it does not exist. A rough measure of the usage of these lines was one of the half dozen considerations that the government took into account in determining the protected lines. Geography was another. There are some protected lines where the traffic is relatively light but they are situated in areas with no adequate road system and the lines are essential to provide adequate transport. Even though they may not be very productive of a great deal of traffic, it would be an intolerable inconvenience for the people living there if those lines were closed.

There are also a number of other considerations. I think the hon. member for Assiniboia pointed out that in some cases lines were in good shape and modern equipment was in use, whereas in other cases they had rather gone to seed; yet there might not be too much difference between them as far as the amount of traffic was concerned. There was not what one could call a purely quantitative measure but in the main, other things being equal, in the case of lines which are adjacent to one another the one which was used more heavily was selected rather than the one used more lightly, regardless of the financial results to the railway.

Another point—it may help hon. members if I make this point again—is this. I think several hon. members implied that because a line was not protected this meant that the government had decided it should be abandoned and that we were asking this house to say it should be abandoned. All we are saying is this. The railways are not allowed to abandon any of the coloured lines but they may apply for abandonment, or pursue the applications they have already made, as the case may be, for abandonment, of the black lines, and that is all.

However, they still have to satisfy the commission (a) that there is an actual loss on the line and (b) that the line is unlikely to become economic in the future. The commission then has to decide whether abandonment is going to create so much economic disturbance or disruption or loss to the whole economy that the railway should not be allowed to abandon the line anyway. We are saying that if the railway can prove an actual loss and prove that the line is unlikely shortly to become profitable to it, then we as a parliament are asking the treasury to pay that actual ascertained loss and the railway will stay.

This also applies to the protected lines. We are changing the law so that these cannot be abandoned. If the railways can show that these lines are incurring an actual loss, that loss will be repaid.

Mr. Asselin (Charlevoix): Who would decide that?

Mr. Pickersgill: The commission. I know I am transgressing the ruling we have established for ourselves, Mr. Chairman, but the hon. member for Lisgar, who does not do a lot of talking in the house but who I have noticed is a good listener, came over to me and said "I think you are trying to be too narrow and restrictive in this matter". I have taken his advice, Mr. Chairman. The hon. member for Qu'Appelle, who also is a good listener but perhaps talks a little more than the hon. member for Lisgar, gave me the same advice and I am following it too.

I know hon. members are very worried about the railways controlling the commission in the matter of their losses, but I do not think I can make the point too often that my hon. friend the Minister of Finance will have to make up a large amount of such losses and that he will have to tax the Canadian people to do so. This commission will not have to rely just upon the farmers, the municipalities, the provincial governments and the grain companies; the Minister of Finance will be represented too all of the time so as to make sure that the railways do not get away with anything. He will ensure that they do not get paid unless they have had a really genuine, provable loss. I am sure that that in itself will be a very powerful reassurance once this rather

novel idea produced by the MacPherson commission is put into operation.

It is, of course, the basis of this whole guarantee. We would not have found it possible to make this kind of provision without that guarantee. Therefore, Mr. Chairman, taking all these factors into account it seems to me that many of the apprehensions that hon. members feel are apprehensions which in fact will not be realized.

I also agree with the hon. member for Qu'Appelle when he says that most people are reasonable. But, as I say, it has to be shown that there is very little traffic on a line and that its operation is costing a great deal. The bill also provides that one of the criteria that have to be taken into account before a line is abandoned is that of the possibility of alternative modes of transport. It will be within the power of the commission to recommend to the government that in certain circumstances assistance be given.

• (3:10 p.m.)

The commission will also be able to recommend that interconnections between the railways shall be made. They will have the power to recommend that the line for which there has been an application for abandonment not be abandoned but perhaps some other piece of line be abandoned instead as being of less importance than the former which ought to be maintained. There is a requirement, where there are a number of lines in an area and there is an application for abandonment, for the commission to look, not just at the losses on the lines being sought to be abandoned but to look also, as the hon. member for Qu'Appelle has suggested, at the results in the over-all area.

In the case of an application for abandonment the railway must produce and publish all its figures with respect to the line being sought to be abandoned so they may be examined. The railway, when the commission wishes it to produce figures, must produce figures of other lines, and not just of those being sought to be abandoned, so that they may be looked at in this process of rationalization. The figures for the area need not be published, naturally, if there is no application for abandonment, though the commission has power to compel them to be published. When we realize that these powers exist it will be seen that there is a degree of protection in this bill far greater than anything contemplated in the bill I had previously introduced.

[Mr. Pickersgill.]

I know we have not gone quite as far as the hon. member for Qu'Appelle believes we should go. Under the legislation we do not permit the commission to direct the railways to use each other's facilities and that sort of thing. We do, however, permit the commission to publish its opinion that this would be a sensible thing to do. It may make recommendations and it may recommend that payments be withheld if the recommendations are not followed. It seems that there are powerful weapons here.

There are arguments on both sides about this point, and the hon. member for Qu'Appelle and I do not see quite eye to eye. In most respects, I think, we are in almost complete agreement.

Mr. Hamilton: I wish to follow up the remarks made by the minister. He stated that at hearings the railways would have to put forward their figures. If I am correct, these figures pertain purely to the cost of running a section of line, the revenues and so on.

Mr. Pickersgill: And the traffic. They must publish all their traffic figures.

Mr. Hamilton: That is the point. If they are to publish the number of bushels generated per mile for example, on a particular line—

Mr. Pickersgill: Exactly.

Mr. Hamilton: —it would be helpful to us, as members. We could explain to our people that if a line is not used that line is in danger of being abandoned. If what the minister suggests is done, if the railways are not allowed to publish just dollar and cents figures but must show the traffic generated, the number of bushels, or what have you, carried, the grain generated per mile compared with other lines, then the people would have some way of knowing that the abandonment procedure is fair.

Mr. Pickersgill: If the hon. gentleman would look at the top of page 30 he would see the heading "Publishing relevant traffic figures". That means that the commission can make the railway publish figures for lines not being abandoned. That is not to be done lightly when lines are not being abandoned, but it may be required if there is some good reason. But in every case where the railways want to abandon they have to publish the traffic figures.

Mr. Hamilton: I am grateful for this information because it is helpful. To show how

serious the situation is, I wish to quote part of a letter from the secretary-treasurer of a municipality, the village of Golden Prairie. This man writes:

> We are at a loss to understand, the reasoning of the commission, as to why this particular branch line has not been guaranteed to remain in operation until January 1, 1975. We believe the government set a policy that if 25,000 bushels per mile is transported over a branch line, during the past ten year period, that it would be placed on the protection list and guaranteed against abandonment until January 1, 1975.
>
> The branch line from Hatton to Golden Prairie, and based over the past ten year period ending in the year 1964-65, we find that there has been 38,519 bushels per mile transported over this said branch line.

One can see the importance these people attach to the number of bushels carried. If the railways and the commission want to do educational work and formulate some rough rule of thumb of the number of bushels generated per mile that they consider adequate for a line, that would be a big help to our people. Knowing that would relieve a lot of pressure. The minister has said that on page 30 there is a provision for the railways to publish their figures. That is good.

Mr. Pickersgill: Where a railway asks to abandon it has to publish all data. If the commission wants to say, Perhaps we ought to compare this line with another line in the same area, to rationalize the matter, in determining the losses, those figures need not, unless there is good reason, be published because they are not asked for purposes of abandonment. I say that in certain circumstances the commission is allowed to use these figures and have them published if it deems it advisable. But where there is an application for abandonment everyone at the hearing will know what traffic the railways have carried on that line. That will be public knowledge. I agree with the hon. gentleman. The traffic is far more important from an economic and social standpoint than the amount of loss. The average farmer does not really care whether the railway loses money but he will be reasonable if there is no traffic.

Mr. Muir (Lisgar): I thank the minister for his courtesy in widening the discussion, that we may talk about new section 314D as a whole. I accept his assurance that the commission will have a criterion for saying whether a line will be abandoned. In other words, the commission will not accept the railway's figures. This is well and good, and I am glad the minister told us about this.

Looking at the sections in the bill, and I have looked through the bill carefully. I see that we have given to this group of 17 men tremendous power without their being, as I mentioned the other day, corresponding checks or balances exercised by the elected representatives of the people. Would the minister not think it a good idea to have these men, to be appointed for ten years, report to a committee of the house such as the public accounts committee so that the elected representatives of the people might see if the commission was doing a good job? In that way we shall not set up a group of czars, controlling all manner of transportation and not accountable to anyone. The minister probably does not listen to me too often, as he says—

Mr. Pickersgill: I always listen to the hon. gentleman when he speaks.

Mr. Muir (Lisgar): Let the minister listen carefully to me today. I think we are making a grave mistake if we do not set up a committee to examine the work the commission does.

• (3:20 p.m.)

Mr. Pickersgill: On that point might I say a word? I have been looking at what Hon. A. G. Blair, minister of railways and canals, had to say in 1903 about this very point in reply to Mr. Robert Borden, as he then was, the member for Halifax. I think it is very relevant to the point the hon. gentleman has just made. In all these decisions with regard to rail line abandonment, rates and so on, the commission is acting as a court. Since the Act of Settlement, since Queen Anne's day, we have taken the view that the courts must be independent of the executive and independent of politicians. We take great pains to make them independent in order that they shall reach objective decisions. If I may read these words by the late Mr. Blair, I think the hon. member will find that he makes the point neatly, perhaps better than I could do it. He said:

> I now come to an important feature of the bill, the importance of which you will have recognized in view of what I said a moment ago as to the unsatisfactory experience in the United States by reason of the facilities for litigation on all sorts of questions under their system. We propose that the commission shall be the absolute judges of both law and fact, subject to two exceptions. The commission will be absolute judges as to the facts, only subject to appeal to the Governor General in Council. They will be absolute judges of the law, except when a question of jurisdiction arises, which of course it would be quite impossible to restrict in any way, but they may state a case to the Supreme Court in the event of any question of legal importance arising.

This has been broadened now so that there is provision for appeal to the Supreme Court on any point of law. But there is also provision for appeal from decisions of the Board of Transport Commissioners to the governor in council, which really means the cabinet which is responsible to this parliament. The real reason this board was set up back in 1903 was that previously all these things had been settled by a committee of the cabinet and it was thought desirable to get away from the evil of having a lot of political pressure brought to bear on these matters.

I think it is right that the courts should operate in the open and that we should be able to criticize their decisions once made. But it is foreign to our way of doing things to tolerate a system whereby political pressures would be brought to bear before decisions were reached. I would think the means I have outlined are the most effective way of controlling the activities of the commission in its judicial aspect. As for a scrutiny of the commission's other activities by a committee, I have already expressed my views and they are not very different from those held by the hon. gentleman.

Mr. Korchinski: I wish to underline briefly what my hon. friend from Qu'Appelle has said. There should be some independent body having responsibility for compiling statistics in relation to these applications. My hon. friend illustrated his case by mentioning what had happened in connection with the line to Lloydminster. After it had been shown that a certain amount of grain originated at each point, the railway dropped its application. To my mind this is a good example of what could be done if there were a body independent of the commission charged with the responsibility of compiling relevant information. I feel some form of additional supervision would be beneficial.

In considering these applications for abandonment the board must take account of whether the line has shown a loss in the year previous to the application. I must say I cannot imagine any railway company appearing before the board to make an application unless they could prove that a loss had been incurred. I suggest we might consider using as a criterion an average figure over a period of years. I can visualize a situation in which a railway company could spend a lot of money improving its line, installing culverts, new ties, heavier steel, and so on—expenses which might not be necessary for the next 25 years. Then there might be a series of short crops which would result in an over-all loss of revenue as a result of which the railway might be able to prove to the commission that it had lost money on this part of the operation. But if the results of the entire operation were averaged out, the picture would probably look much better than it had at first seemed. My suggestion is that an average figure should be taken over a number of years so that the board could determine whether or not a loss had really been sustained.

Mr. Pickersgill: If the hon. member would look at the criteria set out on pages 26 and 27 of the bill he would see that, although it is not put in precisely his words, the idea he expressed is there. Proof of financial loss is an essential pre-condition of an application. The board will not even hear an application if there has not been a loss. As the hon. member says, unless there had been a loss the application would probably not be made.

Even when a loss has been shown the companies are not entitled to abandon a branch line by virtue of that loss. The commission has a right to look at the operation over a period, to take into account the effect that abandonment would have on surrounding territory, the alternative facilities, and all those other considerations. Certainly the one suggested by the hon. member is among them. The board would look at the operation for two or three years back and for two or three years ahead. For one thing, the bill says, "the existing and potential resources of the area". A couple of short crops do not remove the resources.

• (3:30 p.m.)

Anyone who has lived in Canada in the last 30 years knows that there was a period in the thirties when there was quite a number of short crops in areas which have produced tremendous quantities of wheat ever since. Nobody, after having had that experience, will say that because there is a short crop in one year there are not enough resources there to grow wheat.

The Chairman: Does this complete discussion on paragraph (1)?

Mr. Howe (Wellington-Huron): Mr. Chairman, I think I would be remiss in my duty to my constituents if I failed to say a few words on the question of the abandonment and rationalization of railroads. This has been a problem in our area for many years and one that still exists because some municipalities have advanced and developed much faster than others. When municipalities find that

there is a threat to their railroad services, or the possibility of abandonment or reduction, they have misgivings about the possible future development of their areas.

When this bill was first introduced there was much concern in that particular area north of Guelph and extending to Kincardine, Southampton and Owen Sound because the history of railroad development in that area has been not too good during the last few years. As I indicated, most of those areas were originally developed as a result of the establishment of railway lines, the setting up of centres and the provision of stations and of facilities which would enable people to ship their products and to receive their supplies. When a few years ago the railroad reduced its service by cancelling the l.c.l. and the express service, and began to talk about removing stations, people began to wonder how long it would be before the railroad would cancel its services altogether. The situation was not improved by a statement which was made quite recently by the president of the C.N.R. in his year-end review, when he said:

> While the legislation is not likely to provide any immediate financial benefits to the railways, it will when enacted remove outmoded restrictions and regulations which have hampered them in the past and place upon them the responsibility of paying their way in a highly competitive situation.

Such a statement does not allay the misgivings that a lot of the people have had with regard to railroad reductions and abandonments. Of course we know that for many years the C.N.R. has been talking about the necessity for more freedom in their operations, freedom in their costing and freedom in their ability to assist their own freight rates. However I think they are forgetting that freedom is something which is not easy to acquire these days. We have to live together in the world of today, and if one area develops faster than another then there must be some reason for it and assistance must be given to the underdeveloped areas to ensure uniform development. The railways started this. If they reduce many of their services they will automatically curtail development in many areas. As I said, this situation has created misgivings in many areas because the railroads in their operations over the years have not always considered the welfare of the area to be as important as those people who inhabit it thought it was.

We were very happy to hear the minister say today that every effort will be made to ensure that decisions will not be based solely on the word of the railway companies with regard to operational costs and revenues, but that the commission will have available independent expert opinion. Many of the municipalities will be relieved to hear this news. Some of us have attended meetings and have heard the railway companies presenting the costing figures, but we have had no way of examining them. We did not know exactly how they were arrived at and what part of the total figure was charged to the small municipalities. Without expert assistance it was very difficult to arrive at a proper conclusion and to present a proper case before the Board of Transport Commissioners in support of the retention of many of these facilities. In many cases the municipalities were not able to present their case adequately. However, the assurance which we received from the minister, that every effort will be made to make it possible for the municipalities to obtain satisfaction when applications for reductions or abandonments of lines are made, is welcome news to everyone.

Mr. Horner (Acadia): Mr. Chairman, before we proceed much further with our discussion of rail line abandonments I should like to say a word or two. Is my understanding correct that we are now discussing 314E?

Mr. Pickersgill: We are now on 314C.

Mr. Horner (Acadia): I suppose we are dealing still with the verification of costs. Am I right in this?

Mr. Pickersgill: I think that subclause 2 does deal with that to some degree. I see no reason why the hon. gentleman should not discuss it anyway.

Mr. Horner (Acadia): I think the question of costing is quite important because if my understanding of the whole clause 42 is correct a railway must set out to prove that the cost of operating the branch lines is greater than the revenues obtained from running that service. As I have pointed out previously, the C.N.R. and the C.P.R. in presenting their cost figures on these branch lines attempted to prove that the situation is deteriorating and that the total revenue obtained from moving the grain on a branch line is not great enough to cover the costs of that operation. I think this point is very important and we should analyze each branch line separately.

I believe there is no reason why the revenue should be credited only to the branch line. It seems to me that part of that revenue could be credited to a portion of the branch line and the rest to the main line. There is no doubt in my mind that as a result of the abandonment

of some of these lines the farmers might find themselves closer to the other railway. For example if a C.N.R. line is abandoned, one which was normally used by farmers for hauling grain, they might find themselves closer to the C.P.R. line and therefore the C.N.R. might well lose the revenue. I believe therefore that an appraisal should be made of the original point at which the grain is shipped and of the line on which it travels. We cannot lose sight of the fact that the railways may consider that they might be better off without the grain.

In looking at their figures I noticed that in 1960 their revenues and expenditures balanced. That is not the case today. In fact since our grain trade has picked up in the last three or four years it is interesting to note that the revenues of the railways have also increased sharply. In presenting briefs with regard to rail line abandonment the railways have attempted to prove that they were losing money on the branch line. If that is the case, then it is logical to suppose that they are also losing money on the main line. If this is the case and the amount of grain hauled has increased, why have their revenues diminished?

• (3:40 p.m.)

If we go back about seven or eight years, for example, to the year 1957, we will find that the total export of wheat was something in the order of 256 million bushels, whereas last year it was 500 million bushels. It is logical to assume, if the railways are losing money on that grain trade, that their total revenue would be down rather than up. This is not the case. I have seen the figures which they have produced in respect of a branch line when they have attempted to prove that the cost of moving the grain from the point of origination on the branch line to the main line is greater than the cost of moving it on the main line to Vancouver or the lakehead. I think this method of proving the point is wrong. To my mind the railroads are making a profit in handling the grain through the main lines. I do not think the railroads would deny that, if there were no branch lines at all and just a main line running through the west, under the Crowsnest Pass rates they could operate and make a handsome profit. If they can make a handsome profit under the main line alone, then one would think they could operate a number of branch lines and still make a profit. The figures of the railways in a sense attempt to prove that they are making a loss on the main line.

[Mr. Horner (Acadia).]

There is another thing I should like to say in respect of grain movement and line abandonment. This has to do with the quota system. On many occasions the quota system works toward reducing the general efficiency in the movement of grain. I say this with the knowledge that the quota system is designed to allow farmers an equal opportunity to deliver their product to market and receive cash for it. One must consider, however, that in setting up a quota system one is influencing the cost of moving the grain to the lakehead. If in the opinion of the transport commission, when studying this branch line problem, it is necessary, economically and for the good of the community, that the branch line remain there, then I would suggest that they try to work out with the Canadian Wheat Board a better quota allotment for that branch line area. I realize that this would be a departure from the norm, but I believe it could be worked out. If the Canadian Wheat Board should find that in a particular branch line area there was the quality and quantity of wheat which was needed at the lakehead or Vancouver, I would suggest that instead of increasing the quota at one point on the branch line while other points remained at the unit quota they should advance the quota relatively equally on the whole line at the same time.

If there should be seven elevator points on a branch line and the railways are having difficulty moving grain out of that area through this branch line, because they are moving only six box cars at one time, which is uneconomical, then perhaps they could go in there with 26 or 36 empty box cars and go back a week later and move 26 or 36 full box cars out of that area. This could be done if the quota was moved up at all points on that branch line. I am bringing this up as one suggestion. If it were found that the railway was operating at a loss—and I am not for one moment accepting the railway's figures in this regard—and if the railway appealed to the commission that either a subsidy be paid or the branch line be abandoned, I would suggest that the commission should examine the possibility of working out with the Canadian Wheat Board quota allotments which would enable the railways to move that grain through the branch line in greater quantities. This would bring about greater efficiency in the overall movement of the grain.

Naturally I should also like the commission to take a look at the suggestion I made last evening with regard to truck transport. With

the modern facilities which we have today there is no reason, if they can move the grain more cheaply by truck, that the railways should not be permitted to do this. One other thing I whould like the commission to consider carefully in respect of the branch line abandonment is the question of storage. If the elevators along branch lines which are to be abandoned are not allowed to become line agents of the Canadian Wheat Board, then the prairie provinces will lose storage facilities for millions and millions of bushels. The elevator companies receive revenue from the storage of the grain and the grain is taken off the farmers' fields at a much faster rate than it would be with the loss of this storage. I do not doubt that in many areas of the prairie provinces at the present time one would find many farmers who have grain which is stored in temporary bins, or even outside where it is subject to weather and moisture conditions. This lowers the quality of the grain and does not help the farmer.

One has only to go back to the Bracken report in respect of box car allotment to recall what the elevator companies said at that time. At that time there was only one elevator company in the three prairie provinces which felt there was sufficient built-up storage in the prairies. All the others, although they may have said there was ample storage, said that they did not want to see the storage picture diminished to any extent, or something to that effect.

This whole matter should be looked into very carefully. I would hope that, rather than accept the straight dollars and cents calculation in respect of whether or not a branch line could be abandoned the commission would take an over-all look at the whole picture to see whether somethiing could be done to improve the efficiency in respect of the handling of the grain.

• (3:50 p.m.)

There is no denying the fact that the effects of the Crowsnest pass rates have been beneficial to the three prairie provinces, but when one sets up statutory rates certain conditions are not adjusted to meet future situations. Perhaps to some degree the elevator and railway companies have not been concerned about adopting up-to-date methods of handling grain.

Let me give an example. We were told by individuals who appeared before the committee that the C.N.R. tried to implement the use of huge hopper box cars. Only two elevator companies in Western Canada have elevators of sufficient capacity to fill those hopper cars, and there are only one or two terminals on the west coast which can handle grain delivered by the railway companies which use or did use these new cars for grain transportation.

While the Crowsnest pass rates have been beneficial to the prairie provinces—and let me hasten to add that they should be maintained at all costs—there is a growing fear that the railway companies and terminal operators have become stagnant so far as adopting better handling methods is concerned.

It is my hope that before the new commission accepts a flat dollars and cent cost in respect of the operation of branch lines it will attempt to persuade the elevator and railway companies to economize in other ways so that branch lines can be maintained for the social benefit of the community, and in order that their maintenance does not become a subsidized expense to the general taxpayers of Canada.

Mr. Pickersgill: If the hon. gentleman will look at the criteria set out on pages 26 and 27 of the bill, and particularly in paragraph (e) on page 27, I am sure he will be satisfied that the railway and terminal companies will be required to do all of those things he has suggested.

The Chairman: Have we now concluded our consideration of new section 314C?

Mr. Schreyer: Mr. Chairman, it was my understanding that we would proceed with new section 314C subsection by subsection. Up to this point we have been discussing subsections 1 and 2 of this new section.

Mr. Pickersgill: I thought we had abandoned that procedure after the hon. member for Qu'Appelle came into the committee. If it is understood that we are now discussing detailed points in respect of individual subsections we might proceed on that basis.

Mr. Schreyer: That is exactly what I intended to do. I should like to refer to a detailed matter in respect of subsection 3 in reference to the use of the word "uneconomic". There is reference to branch lines which ought or ought not to be abandoned on the basis of economy. When I raised this point earlier in respect of subsection 1 the minister said that while the commission may hold hearings on applications for abandonment of allegedly uneconomic lines, the commission could not grant such an application unless

there was proof of actual loss. That is all very well, but having regard to subsection 3, reference is made to uneconomic branch lines, without any relation to proof of actual loss. Perhaps this involves poor craftsmanship, and I do not want to be unfair because the draftsmen working on this bill have had to cope with a great deal of detail and numerous changes. It is not surprising that one or two points of this kind have been overlooked.

What possible justification is there for wording this particular subsection in such a way that apparently the commission will be permitted to make determinations in respect of applications for abandonment of uneconomic lines, when the precise intention was to have meetings held to determine whether or not lines should be abandoned on the basis of an actual loss? I intend to move an amendment, but before doing so I should like to ask the minister whether he will accept informally the proposition that where the word "uneconomic" appears in this and following subsections it should be substituted by the words "actual loss incurred". There would then be no mistake or misunderstanding and the commission would be confronted with fewer problems.

Mr. Pickersgill: While I am not a lawer I spent a lot of time in Winnipeg reading and criticizing students' essays. I did so for approximately eight years. In this bill we say an actual loss must be demonstrated before the matter can be considered. We then accept the view that the commission should determine whether or not a branch line is uneconomic. I do not think it makes much difference, but if we are going to change this wording we should also take into consideration subsection 1.

The railway must prove that a branch line is uneconomic, and is likely to continue to be uneconomic, before the line can be abandoned. This is what the commission must determine. Since that is so, why should we then say that in determining that the commission should do certain other things? From the point of view of the railway company it might be better to use the words "actual loss" in every case, but from the point of view of the public I think the commission has a little more scope in reaching the conclusion that, although there may be an actual loss, the line should not be abandoned. I think that was the view expressed by the Manitoba Branch Lines Association. This whole matter may involve a question of emphasis or motive, but from the point of view of the average citizen the use of the word "uneconomic" gives the commission more scope to suggest that a line should not be abandoned, though there is an actual loss. That is why I concluded we should use that expression instead of the other.

Mr. Baldwin: Mr. Chairman, I intended to speak on this point, and I am very pleased that the hon. member for Springfield raised it. It was touched upon indirectly by the hon. member for Burnaby-Coquitlam before the recess. I take the same exception, but I want to point out that under new section 314C (3) great powers are granted to this commission in respect of determinations. That is as it should be. The commission is directed to take into account various things set out in subsection 3.

• (4:00 p.m.)

As I read new section 314B, as a condition the commission must, before making an investigation, decide that there has been a loss in prescribed years. Having done that, they are then seized of jurisdiction and inquire into the question of whether actual loss has been incurred. If actual loss has been incurred under section 314C (1), they determine whether the branch line is uneconomic and is likely to continue to be uneconomic, and whether the line should be abandonned. These are two different things. First you decide whether it is uneconomic which, in the very loose wording of this section—and here I agree with the hon. member for Springfield—must have as its foundation the sustaining of loss. This having been established, you look at the other things, which is as it should be. It probably would have been better if it had been phrased in this way, that the railway company must first establish that actual loss has been sustained. This is the first obstacle the railway company must overcome. Having overcome that obstacle and established loss in one of the prescribed years, the commission then looks at all the other things.

The proof that loss has been sustained, of course, cannot, should not and must not be the sole criterion. The bill takes this into account by directing the commission to look at paragraphs (a), (b), (c), (d) and so on. I am particularly happy to see paragraph (h) in this section dealing with the economic effects of the abandonment. I should like to have seen included in this section a provision covering the economic and social effects, because sometimes the social effects must be regarded just as much as the economic effects.

With some doubts, I think the commission has all the powers that are necessary. I would

like to have seen these powers more precisely expressed so that they would arrive at a determination on the basis that, first having established that there was an actual loss for one of the prescribed years, they would direct their attention to the other things involved in this question. I appreciate the point made by the hon. member for Springfield in this regard. I should like to have seen this matter tidied up. My opinion is that this provision gives the commission ample power and lays down that it must direct its attention to these things.

When the commission is appointed I hope the minister will direct their attention to the fact that it is the opinion of this house, as expressed today, that actual loss having been established, as it must be, we believe the commission must look very seriously at all these other things. While they are not directed by this bill to give effect to them, they must find that they exist.

I hope the commission will not make any order for the abandonment of a line if it finds at any time under section 314C (3) and the various paragraphs thereof that the existing or potential resources of the area served by the branch line, and so on, are of such a nature as to warrant the continuance of the line. I hope this is the feeling the commission will have, and that the minister will direct their attention to his matter.

Mr. Orlikow: Mr. Chairman, I should like to join the hon. member for Springfield and the hon. member for Peace River in expressing some concern about the wording of this section. I am not questioning the good intentions of the minister. I think there is a great deal of agreement, perhaps more than we usually see in the house, with regard to the importance of this section of the bill. I think it is the heart of the bill. It has a great deal of importance to the people concerned who question its effectiveness.

We have had a great deal of experience as to how commissions and boards interpret at some future time legislation which has been enacted, despite what may have been said in discussion in this house. I think section 182 of the old Railway Act caused railway workers to believe that they had a great deal of protection if branch lines were abandoned, service was discontinued, and so on. But they found later, through the interpretations of the courts, that this section simply did not give them any protection. Therefore it seems to me it is very important that the commission appointed know what the Parliament of Canada had in mind. I am surprised and puzzled that the minister would follow the advice of the Manitoba Branch Lines Association in this regard.

Mr. Pickersgill: Mr. Chairman, I might say, for the hon. gentleman's benefit, that the government of Saskatchewan and the counsel for the government of Manitoba made exactly the same suggestion, and for precisely the reason that they wanted to make sure that the commission would look at more factors than just the actual loss. It was felt that using the words "uneconomic and likely to continue to be uneconomic" gave the commission more scope to refuse the railway's application.

The government originally started with the idea in the old legislation of dealing with an actual loss. In order to meet the sentiment expressed by the representatives of very large bodies of people in western Canada, we accepted the view that we should use this broader language which suggested the idea to the commission that they should not just act because the railway was having a loss, but should look at the question in its proper economic context. Therefore I cannot help expressing a little surprise at the suggestion that we now go back to the old provision, and if there is any choice between the two, use the phrase that is more favourable to the railway.

Mr. Orlikow: Mr. Chairman, I hesitate to argue with the minister about facts that are on record because, despite many differences I have had with him, I know he keeps on top of his job. There may be a more recent statement on the part of the province of Manitoba than the one I am going to quote, but this is precisely the point I want to make. The minister said earlier that in dropping the use of the words "actual loss" in favour of the word "uneconomic", he was adopting the words of the Manitoba Branch Lines Association. I have before me the submission made by the province of Manitoba on November 17, 1966. I quote from the Minutes of Proceedings and Evidence of the Standing Committee on Transport and Communications, pages 2648 and 2649. I will read the whole paragraph because this is the specific submission of the Manitoba government with reference to this section:

> In section 314C (1), page 22, we would delete the term "uneconomic" in line 13 since this term is nowhere defined in the section and insert the term "actual loss" so that lines 12 and 13 would now read: "...determine whether the branch line is likely to continue to incur an actual loss..." etc. Similarly in the case of section 314C (3), page 23, delete the word "uneconomic" in line 15 so that

line of railway which incurs an actual loss, the period (i)...etc. On page 27 thereof should be abandoned..." etc. In section 314C (4)—

• (4:10 p.m.)

Mr. Pickersgill: Mr. Chairman, I think the hon. gentleman has quite convinced me. He has apparently made me look very foolish; but the advice I was given was that two years ago on Bill No. C-120 the representatives of the government of Manitoba and the government of Saskatchewan asked us to take out "actual loss" and put in "uneconomic". I think it all really boils down to the fact that whatever you do, someone will suggest, and maybe the same person, that you do the opposite again. I would not care a great deal which we adopted, because I do not believe there is any difference in the fundamental meaning. Certainly, if the railway is not having an actual loss the line cannot be abandoned; that is clear right at the start. If uneconomic means anything, therefore, it must mean that other economic conditions should be taken into account. This was what we understood to be the original reason for the desire, expressed a couple of years ago, that we should use this phrase. Since it seemed to us not to make any fundamental difference to the legislation, and to be more agreeable to those who would be affected, we tried to do it that way.

I had forgotten about the submission of the government of Manitoba, and the hon. gentleman quite properly put me in my place about that. I acknowledge it quite readily, but I still do not think there would be any benefit in changing the wording again.

Mr. Orlikow: Perhaps the minister will believe me when I say I was not trying to put him in his place.

Mr. Pickersgill: I would not hold it against the hon. gentleman if he did.

Mr. Orlikow: There have been many occasions in the past when I have tried to do so, and I am sure there will be many more in the future. I must say that I have not succeeded very often.

However, Mr. Chairman, for a few moments I should like to raise one other matter. I am a little concerned, and for another reason, about the continual use of the word "economic". It seems to me that when we use the word "economic" we almost automatically restrict the ability of the reviewing agency to make a judgment. There are consequences of rail line abandonments which are not exclusively economic but are, in fact, social. These consequences were referred to in a resolution passed in 1963 by the Saskatchewan conference of local railway retention committees. They went over the principles which they thought should be the governing factors when branch line abandonment was being considered. I should like to quote those principles from this resolution:

1. The cost of extra distance farmers will have to haul grain.
2. The cost of reorganization of the market grid road system and provincial highways.
3. The reduction of municipal taxation and the financial position of municipalities.
4. Capital losses which may be suffered by businesses in towns, villages and hamlets as a consequence of a branch line being abandoned.
5. Depreciation of land values.
6. The necessity of compensation for municipal services such as relocation of grid roads which are directly consequent on abandonment.
7. The impact of abandonment of schools, hospitals, old people's homes, and other social services or institutions.
8. Whether or not mineral rights or other advantages held by railway companies as a result of land grants given to build rail lines should revert to the crown if the branch lines are abandoned and used for compensation.

Earlier today the hon. member for Burnaby-Coquitlam, and other members, talked about the tremendous consequence of branch line abandonment for the towns. Towns have been built because the railway was there or a country elevator was there. This led to the establishment of schools, hospitals and stores. All of these things are affected. I am sure the minister will remember the situation when Canadian National announced the run-through program and the effect of that upon Nakina. A large school had been established there, with the co-operation of the provincial government, to look after the children who were there because their fathers were working for the railway. Once this town ceased to be a turnaround point and the people moved away, the school would be largely superfluous. Here was a large investment of the province of Ontario which would become worthless. The same thing would be true of hospitals and private businesses. It seems to me somehow—

Mr. Pickersgill: I wonder if we could perhaps abbreviate this discussion by having the hon. gentleman read the sentence at the top of page 27? Perhaps I could read it:

—the period of time reasonably required for the purpose of adjusting any facilities, wholly or in part dependant on the services provided by the branch line, with the least disruption to the economy of the area served by the line;

It seems to me that, apart from the question of the reversion of mineral rights which is entirely a separate question, that is just about as precise a definition of the criteria, about which the hon. gentleman was talking in that very good memorandum from which he read, as we could readily devise. I suppose one might have put in the word "social", but then what does "social" mean? It is a very difficult thing for the court to determine. I feel this language is much more precise and more directly related to the very kind of thing the hon. gentleman was mentioning.

Mr. Orlikow: I hesitate to argue with the minister about this. All of us are aware of the fact that parliament can propose, but very often at some future date lawyers and courts dispose; and they often dispose in ways which parliaments and governments had not foreseen. It is for this reason I think members on both sides of the house are expressing their serious concern about these questions.

I looked at the sentence to which the minister referred, and I looked at it again as he read it to me. However, I feel, as the resolution from which I quoted pointed out and as the hon. member for Peace River pointed out, that we ought to look at every possibility in a spirit of good will so that the bill, as it is finally passed, will go as far as it is humanly possible to go in accomplishing the things we all want accomplished.

The minister assures me that the proposed section does all the things which I have pointed out need doing. I do not believe the insertion of one word in one place or in another place will make that much difference. I appeal to the minister to have another look at the relevant merits of the words "actual loss" as compared with "uneconomic". I am not insisting, and I am not even suggesting he hold the clause over because I know we have been standing many clauses.

Mr. Pickersgill: Frankly, on balance, I think I like the words "uneconomic or likely to be uneconomic". So far as I am concerned, I believe I will stick with them. Since we have decided to consider these specific paragraphs, I wonder if we could go on to the next one now?

Mr. Schreyer: In this particular case, I am afraid I must move an amendment so we can obtain the sense of the members of the committee. The minister is quite incorrect when he tries to leave the impression that there is not much difference between the term "uneconomic" and the term "actual loss incurred". "Uneconomic" could apply to a branch line that might be bringing the railway an actual net profit, but of such small amount or magnitude that it might be deemed uneconomic.

• (4:20 p.m.)

The opinion of economists or anybody with some understanding and judgment in the field is likely to be such that the term "uneconomic" could be applied to any rate of return that is in the order of one half of one per cent, 1 per cent, 2 per cent or even 2½ or 3 per cent. As I understand it, that is not really the intention of this section.

If the minister were to look at the wording of 314C (1) and compare it with the wording of 314C (3) and 314C (4) he would find, though I concede it might be inadvertent, a kind of subtle transitional change from one subsection to another. While we start out in subsection 1 by saying that the commission shall hold hearings to determine whether a line is uneconomic and that it shall not grant any application unless there is actual loss, we then find in subsection 3 that any reference to actual loss is omitted, and in subsection 4 this wording appears—and I would ask hon. members to listen to it very carefully:

> If the Commission determines that the operation of an uneconomic branch line...should be abandoned—

Therefore, it seems pretty clear from subsection 4 that the commission is given the discretionary power to grant abandonment of a branch line that is uneconomic, which may not necessarily mean that an actual loss is being incurred. That is the whole point. This kind of drafting in the legislation is bound to cause some doubt, uncertainty and confusion which may very well be eliminated by the substitution of two or three words. Is it really too much to ask of the minister, if he has some kind of obsessive opposition to the words "actual loss incurring", that he leave out the word "uneconomic" and not substitute anything in its place. This would make the clause clearer than it is at the present time.

Therefore I move:

> That section 314C (3) be amended by deleting the word "uneconomic" in line 40 thereof and substituting the words "actual loss incurring".

Mr. Pickersgill: Mr. Chairman, I should like to say a few words on this amendment before it is put. I must say that it would not break my heart if it carried because I do not think it would have any real effect on the bill. It

might injure my vanity a little, but that is not terribly important.

I should not like anyone to think that there was any soundness in the hon. gentleman's argument, because if he looks at 314E on page 30 of the bill he will see it makes it very clear—this is the same point I made earlier —that an uneconomic line is defined. In (c) it says:

"uneconomic line of railway" means a branch line that has been determined to be uneconomic by the commission under section 314C.

Presumably that governs throughout, but it certainly governs the whole of section 314C. Section 314C (1) says that the commission, having held hearings, shall determine whether a branch line is uneconomic, is likely to continue to be uneconomic and whether it should be abandoned. The rest of the wording goes on:

—but if the commission finds that in its opinion the company has incurred no actual loss in the operation of such line...it shall reject the application—

The line cannot be abandoned anyway if there is no actual loss. Therefore, it seems to me that it would not be a terribly useful exercise to put the Queen's Printer to the expense of making this further correction to the bill, which I do not think would add anything. If we were going to make this provision it would be neater to change the bill all the way through, but I do not think it would serve any great purpose. I hope the hon. gentleman will not press his amendment, in the circumstances.

Mr. Schreyer: I have one question I should like to address to the minister. I admit that subsection 1 reads satisfactorily as it is at present with regard to the use of the word "uneconomic" as opposed to "actual loss incurring"; but I submit that subsections 3 and 4 do not. There is nothing to indicate that subclause 1 supersedes subsections 3 and 4. I am not familiar with the interpretation of statutes but there is nothing in subsection 1 to the effect that "notwithstanding any other provisions, subsection 1 shall apply", and so on. Therefore, could the minister say whether subsection 1 is construed as superseding subsections 3 and 4?

Mr. Pickersgill: I do not think it supersedes; I think it governs. I believe that is the proper word. Subsection 1 says the commission shall determine whether a line is uneconomic or likely to continue to be uneconomic, and that in so determining the line must have

[Mr. Pickersgill.]

suffered an actual loss. All of the following references are dependant upon that and governed by it. Subsection 1 gives the commission power to determine whether a branch line is uneconomic and should be abandoned; but in doing so it has to look at all these other considerations.

Subsection 3 does not give the commission power to determine whether a line is uneconomic; subsection 1 does that. In making the determination required in subsection 1 all of the factors mentioned in subsection 3 have to be taken into account by the commission. The same is true of subsection 4. If the commission determines that a line should be abandoned under subsection 1 then certain things will happen. The power to determine whether a branch line is uneconomic or likely to be uneconomic is that given by subsection 1. The other subsections are dependant on and subordinate to subsection 1.

I do not know whether the hon. member for Peace River is in favour of this amendment or not, but I think he will agree with my interpretation.

Mr. Schreyer: Mr. Chairman, the minister has asked me to withdraw the amendment, but I should like to hear the opinion of hon. members to my right in this respect. If the hon. member for Peace River or the hon. member for Acadia consider it to be of no substance, then I will certainly withdraw it.

Mr. Baldwin: Mr. Chairman, in rising to give an opinion without being paid a fee I would reinforce what I said before. I fully realize the difficulties the draftsman has had to undergo during the long-sustained period of gestation of this bill, before delivery.

Mr. Pickersgill: It has had real labour pains.

• (4:30 p.m.)

Mr. Baldwin: I should like to have seen it made plain that, once loss had been sustained, and the railway having got over that obstacle, the commission should direct its attention to whether all these other things I have brought up do come in. I am satisfied, from reading section 314C, that there is a direction to the commission to do this. This direction is primarily the basis of section 314. I agree with the minister that that is the determining section. The minute it is established that there is no loss in the previous year the application must be rejected; the railway is tossed out of court on its neck, as it should be. Only when it has been established that there has been

loss in the preceding year ought the commission to consider the other aspects of the matter.

I do not think we can get to section 314C (3) until we have got over the first obstacle, which must be considered under subsection 314C (1). This could have been set out a little more clearly, to be more readily observable. I do not think the amendment will change the effect of the measure, but the point I have raised has concerned me for some time, and only the complete study in the long lunch period we had today enabled me to come to the view that I hold.

Mr. Schreyer: Mr. Chairman, I would ask for leave to withdraw the amendment.

Amendment (Mr. Schreyer) withdrawn.

Mr. Pickersgill: I am very grateful to the hon. gentleman.

The Acting Chairman (Mr. Richard): Shall section 314C carry?

Some hon. Members: Agreed.

The Acting Chairman (Mr. Richard): The committee will now consider section 314D, rationalization of line between systems.

Mr. Hamilton: I wish to make a few remarks about section 314D. Would the minister be kind enough to tell me why, in part I of the subsection, the language used is "the Commission may recommend to railway companies", whereas in other places in the bill the governor general in council has the power to order. Elsewhere there is the power to direct. That is in the case of the commodity pipe lines. On the tremendously important section on rationalization the commission may recommend. Can the minister tell me why the words "may recommend" are used, instead of the words "direct" or "order"?

Mr. Pickersgill: I think most of us on this side of the house would not hesitate to direct the Canadian National, owned by the people we represent, to do things. But so long as we have the concept of private ownership that we have in this country, unless we are to interfere with the actual ownership of something to which there is private title we should be hesitant to confer on a commission or other body the authority to order that body to change the use of something privately owned. It was probably a scruple like that that was the main consideration.

Mr. Hamilton: Jumping down to the third subsection, if the railways do not accept the recommendation of the commission, the commission must report its recommendation to the governor in council for such action as the governor in council may consider necessary in the public interest. Under subsection 314G, the governor in council may order. My question is this: Where in this bill is the clause that gives to the commission the power to reduce the subsidy if the railway does not accept the recommendation. This afternoon the minister said that the commission had this power.

Mr. Pickersgill: The hon. gentleman is talking of circumstances where the commission's recommendation is not accepted. I would take it, then, that there would be no subsidy to be reduced. Would that not be so?

Mr. Hamilton: Replying to me earlier this afternoon the minister said that the commission, if its views were not followed, would react and not give the full subsidy to the railway.

Mr. Pickersgill: I do recollect having said something very like that. Probably I was moving ahead of myself. I imagine, in circumstances like this, that the commission would probably recommend to the governor in council that if certain things were done certain payments should be made, but the government itself would make the payments. I would think, therefore, that what I ought to have said would be "withheld" rather than "reduced", because there would not have been a subsidy to reduce. Nothing would be done in that particular situation where the railway does not comply with the recommendation. Some of these recommendations might not involve payments.

Mr. Hamilton: I am sure that the commission will act in such a way that the great majority of its recommendations will save the railways money and allow them to make more money. I know of examples where this could be done.

I am basing my remarks on the experience of the past. Thirty odd years ago, in this chamber, a group of members of parliament trying as sincerely as we are to produce good legislation, brought in legislation which gave the power to recommend. The history of the last 30 years has shown that rarely have the railways, the Canadian National or the Canadian Pacific, accepted the recommendations of the Board of Transport Commissioners on the rational and efficient running of railway lines. In Canada we have had to put

up with heave freight rates and with continuing requests that parliament provide more money for railways, all because the railways do not operate efficiently. We ought to learn from this experience.

This section would be strengthened if we gave the commission the right to recommend, and made it clear that where the railway refused to listen to a recommendation not causing loss, it would lose a certain proportion of the subsidy granted under statute. Once the railways find that reluctance to move means dollar losses they will move quickly to correct inefficiencies.

I do not want to move an amendment, because of the difficulty of correlating all these sections. We would have to be very careful with any amendment. The easiest way out would be to change the words "may recommend" to the words "may direct". Perhaps an additional clause could be put in saying that the authority to carry out recommendations could result in one of two things, loss of the subsidy, or having the matter taken before the governor in council.

On this side of the house we should feel happier to see the stronger language used in this section. I should be glad to hear the minister. Or, if he wishes to reply later, and think this over first, I shall accept that, too, because this involves a serious problem.

Mr. Pickersgill: The hon. gentleman knows that I have been aware of his views on this subject since he spoke on second reading, in September I believe.

• (4:40 p.m.)

So I have had a long time in which to reflect. I have discussed the point raised by the hon. gentleman not only with officials but with my colleagues and it is our considered view that we prefer not to confer upon the commission power to direct the rearrangement of property of persons who under our present system of operating are the holders of private property. If this is to be done, it should be done by parliament or by the governor in council under power given to him by parliament, not by some other body.

However, I am advised that under 314E (4) on page 31 of the bill the Minister of Finance is not committed to pay the whole amount of the subsidy. There is therefore in the bill a certain element of sanction of the kind the hon. gentleman seems to think might be helpful, and to this extent we have gone part way in the direction in which he would like to go. I feel this is one of the occasions when instead of being flexible and not knowing my own mind I shall have to be stubborn and arrogant.

Mr. Schreyer: I should like to support the argument put forward by the hon. member for Qu'Appelle. The assurance the minister gave to the hon. member and to this committee simply does not go far enough, I submit with respect. The commission is not given power to direct that the railways shall rationalize in any given way. All that is provided is that the commission may make recommendations. Why should the commission not be given authority in this legislation to make an order for rationalization? If there is cost involved to the railways, which in many instances is unlikely, provision could be made for compensation from the treasury.

I am tempted to move an amendment here, but I realize that it might involve a number of consequential amendments to other clauses and for that reason I hesitate to do so. A possible alternative would be to word this clause so as to give the commission authority to recommend to the governor in council that the governor in council use the subsidy arrangement with the railways in such a way as to induce them to carry out certain works of rationalization. It is hard to understand why the minister will not consider such an approach.

Experience shows us clearly that unless we adopt measures of this kind the railways will simply drag their heels when it comes to carrying out any logical rationalization plan. Unless we do provide an inducement by altering the payment of subsidies we shall see no substantial change with respect to railway rationalization. The minister should be aware of this, and if he is not, he is being made aware of it now.

Mr. Hamilton: I do not intend to hold the committee up on this point any longer. I think I have made my views known. I would just like to remind the minister and the committee that at the hearings on October 18 the Canadian Co-operative Wheat Producers Limited, the three big pools, recommended—

> —the provision of some form of persuasion to encourage the railway companies to act on commission recommendations which seek to improve railway operations in other ways than that of management.

Once again we hear the voice of the biggest customers of the railways, those who provide what profit there is to railway management, saying we should give this commission some power of persuasion. As far as I can see, the

only power of persuasion acknowledged by the minister is the possibility of some penalty imposed by the Minister of Finance, who would keep a careful watch on these things. I cannot place any stronger emphasis on what I have said. I do not accept the minister's argument that it is possible to order the C.N.R. but not the C.P.R.—that air line and pipe line undertakings can be directed, but the C.P.R. cannot. In telling us the commission shall have no power to give direction in cases when it has devised ways in which the railways could operate in a better manner, I believe the minister is contradicting the whole concept which underlies the turning over of powers in transportation fields to this new board. The board is given all these duties in the various clauses of the act, but it is not given any punch. This is the same mistake as was made in 1935 in the legislation governing the Canadian Pacific Railway and the Canadian National Railways. I hate to see parliament repeating the same mistake only a decade or so later.

I do not think it would cause the C.P.R. or the C.N.R. the least concern if the commission could show them means of doing a thing better, especially if they stood to gain a few dollars and cents by accepting the recommendation. Here we say that if a recommendation is not accepted the commission may at its discretion take the matter up with the cabinet. Surely this is weak legislation in a bill which is supposed to be doing so much. I do not like to be obstreperous in the committee; I am one of the few hon. members speaking on behalf of the power to direct. But I think this power is necessary if we are to learn from the experience of the past. I do not think there will be much consequential effect on other clauses if we alter the words "may recommend" to "may direct" and I have heard no argument from the minister which convinces me I am the least bit wrong. I will say no more unless there are others who wish to join me to try to get the minister to change his mind.

• (4:50 p.m.)

Mr. Pickersgill: I think the hon. member should not exaggerate.

I said that I felt a little reluctant to give to the commission the power to direct the railways on the use of their property. I think there is another aspect of it to which I would attach a little more importance. The hon. gentleman speaks about the directions given to pipe line companies, to air lines, and so on. He referred to the direction with respect to their relationship, not so much one to another as to the regulation of them in the public interest. However, here there is an attempt to intrude a commission into the actual management of the operations. I do not know that we can be sure that this commission will fulfil the functions of management better than the higher paid and conceivably more skilled people who will be engaged in the management of the railways. It is one thing to give full publicity to these recommendations and another thing to substitute oneself for management. Over the years our whole relationship with the C.N.R., which was first established at the end of the first world war, was to try to appoint competent managers and not to have someone else to do the second guessing for the management.

I know that here we are talking about the relation between the two railways, and perhaps sometimes they do not have the best public interest in view in pursuing their own competitive interests; but when the referee says that he thinks this would be the best way of doing things and says so publicly, this will be a pretty powerful sanction. At the same time the onus of making their own management decision will remain with them. I do not feel passionately about it but, as they say in "Oklahoma", this is "about as far as we could go" at this time.

Mr. Hamilton: The minister keeps opening new lines of argument for me because if ever there was a history of incompetence in managing their own affairs it is the history of the railways. This has been the history of our country, and we have had to bail out the railways time and time again. If the railways did not owe the public tens of millions of dollars every year there would not be much for us to say; but this bill plans to pay them $110 million subsidy which is to decline to nothing over eight years.

If a group of normal laymen applying their common sense can find ways and means of saving money for the railways, then I believe that that recommendation should be accepted by the railways if they wish to get a subsidy. For example, in 1934 the Duff royal commission recommended that two lines in Saskatchewan running a mile apart for 111 miles should be amalgamated and that both the railway companies should run the same line. This would not be an inconvenience to people in the towns because it did not interfere with their business. But in the evidence that was presented before the commission it was pointed out that these lines were costing the railways $1,000 per mile per year and that the people who paid the freight rates were paying

for these losses year after year because the Board of Transport Commissioners, under the act in 1935, had the power only to recommend, and nothing more. The same mistake is being repeated here. We place all forms of transportation under the super commission and we allow it to direct the air lines and the pipe line companies, but not the railways.

Perhaps this is an exaggeration but it dramatizes the point that the one who puts up all this money should have the right to call the tune. I am not asking for the moon and the stars when I propose the insertion of the words "may direct", and if there are any losses as a result of our direction we will be paying for them. This is contained in the bill and the railways are protected if they incur any losses; but the ordinary citizen, the ratepayer and the user of the railway is not protected under this section against the high freight rates. If the commission can find ways to save money, to reduce the costs of the railway and to provide better service to the people at no expense to the railways, then I think they should have to accept that recommendation, even if we have to use the word "may direct", or else if they do not accept it they must expect to lose part of the subsidy. I think we have the right to ask for service in return for the money which we are providing to them.

I know the minister does not wish me to go over the whole map of the west and name the places where lines should be adjusted. It is a conglomeration which grew up, like Topsy, because 70 years ago people believed that this country would be populated by 100 million people and that lines would be built all over the place. Let us not blame too much the people of those days. We have a chance to correct some of these anomalies, and I think that if the Canadian Transport Commission were given the power to correct them I am sure they would not abuse the railways, and that the railways would be paid for any losses they might incur. It would not hurt the minister to trust the commission and to give them a little more power, and if we have a chance to check on the commission occasionally, that would make for a good bill.

The arguments which the minister presented do not carry the weight they should. I have a feeling that the minister is being dominated by a civil service mentality. Let him not worry about the past. He is an elected representative speaking for the people. He can be bold and assert some control over the establishment which runs the country. The test of the time is whether he can control it. The commission must be efficient and knowledgeable. Let us put down our feet occasionally and give them some guide lines. Therefore I would like to see the words "may direct" inserted. I have not yet heard any argument which would make me change that idea.

[Mr. Hamilton.]

Mr. Douglas: We have almost reached the time to rise, but I would first like to ask the minister to give some thought to the matter, between now and the time when we will be considering the bill again. The minister said he did not feel passionately about this but I am sure many hon. members do feel strongly about it. Therefore I hope that he would consider an amendment to this clause which would give the commission the power to order a rationalization when, after examining all the facts, they are convinced that rationalization would be to the best advantage of all concerned, and the power to make recommendations that some financial compensation be given if they feel it is warranted. It seems to me that the minister's argument to the effect that the commission should not intervene in the management does not really stand up, because we are not dealing with a single management but with two managements, one of which may be willing to rationalize while the other is not.

After all there is nothing infallible about the present railway management. One has only to look at a map and see the scores of instances of expensive and costly duplication which should have been rectified years ago. The railways have failed to do it for a variety of reasons, one of which may have been that they could not reach any agreement. I think the most recent example of this was when the two railways built a line to Esterhazy in Saskatchewan so as to get the potash business, when one line could have been used by both of them. I do not think that a mere recommendation to the railways to build a single line, or to close one line and both use another line, will always be accepted by both railways. It might be acceptable to one and not to the other. Surely if the commission is to try to find some order in the present chaotic situation it should be given some powers, and some teeth should be put into this act.

• (5:00 p.m.)

I am convinced that unless the minister does put some teeth in this legislation the commission will find itself making recommendations to which no attention will be given. I hope that between now and the time we

resume discussion of this matter that the minister will give some thought to accepting an amendment, which I believe would be a very simple amendment, so that the commission may make an order requiring the railways to carry out certain provisions for rationalization, and which also would provide of course for recommendations to the government for whatever financial inducement the commission feels would be necessary so that the carrying out of the rationalization in question would be acceptable to the companies.

Mr. Pickersgill: I should like to say in a good natured way, and I hope I will not be misunderstood in doing so, that I am beginning to wonder whether there ever will be a commission to establish any powers. I hope we are not going to do all the work again, after spending weeks and weeks studying this legislation in the special committee. Already we have spent four days of this week in dealing with half the clauses in this bill. I would hope, when we come back to this legislation on Monday, that I will be given credit for having considered some of these suggestions which were made as long ago as last September and that we will be able to determine some of them fairly speedily.

I think it was understood that at five o'clock I would not be able to be here any longer. I very much regret that, but this happens to be the situation. I thank all hon. members for their co-operation.

Mr. Douglas: I should like to assure the minister that we are not trying to hold up his legislation.

Mr. Pickersgill: I do not think that.

Mr. Douglas: However, for two or three years since the MacPherson report was brought down we have waited for legislation to be introduced. I am sure it is the desire of the minister and all of us in this house that this legislation should be effective legislation.

Mr. Pickersgill: Exactly.

Mr. Douglas: I think this is one instance where it could be made effective. I believe it is our desire to do this.

Progress reported.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I wonder whether with unanimous consent we could deal with three relatively non-controversial matters under government orders. I refer first of all to item No. 117. This is a resolution to amend the Judges Act to provide for one additional county court judge in Ontario and one additional county court judge in British Columbia. Then, if that should be disposed of, I should like to ask the house to consider item No. 110, second reading of Bill S-51, to amend the Canada Corporations Act. If by some good stroke of fortune we should dispose of this item, I would then ask the house to consider item No. 79. At this moment I should like to ask for unanimous consent in this regard.

Mr. Deputy Speaker: Order. The Solicitor General of course recognizes that in order to proceed with the business he has outlined it will be necessary for the house to decide what is to be done in respect of the private members' hour.

Mr. Pennell: Yes, Mr. Speaker. I realize I am leaning heavily on the generosity of the house. I cannot take exception if the answer should be in the negative. However, I am putting forward this proposal.

Mr. Frank Howard (Skeena): Mr. Speaker, it was communicated to us that the government desired to proceed also with item No. 104 which is the resolution to refer the Canada Elections Act to the standing committee on privileges and elections, but wished to leave the important matter of election expenses somewhere in the nebulous land of the future. I am wondering what has happened to that proposal. The Secretary of State of Canada (Miss LaMarsh) shakes her head. Is she indicating that I am wrong?

Hon. Judy V. LaMarsh (Secretary of State): The two together.

Mr. Howard: The Secretary of State says that they are to be put together for reference to the committee. Would the Solicitor General combine in his request that item No. 104 and item No. 105 be dealt with, as well in the original proposal, as the second item of business?

Mr. Pennell: I do not wish to be difficult. I am, of course, in a rather embarrassing position, having asked the house to co-operate with me and then having had this suggestion put to me. I must say regretfully that at the moment I am not prepared to agree to the suggestion put forward by the hon. member for Skeena (Mr. Howard).

Mr. Howard: There is a misunderstanding. This is not a suggestion put forward by me. This is a suggestion which was put forward by

the government and which now is excluded from the request made by the Solicitor General. I am merely putting it on the record so that I may ask what has happened since the government originally requested that we consider item No. 104. The Secretary of State indicated that items numbered 104 and 105 are companion pieces and would be referred. I just took her at her word and asked that it be done in that way.

Mr. Pennell: While I accept the word of the hon. member for Skeena when he says this is not a proposition put forward by him, but rather one which came from this side of the house, I have entered into this discussion rather late and the impression I had after talking to my colleagues was that we should adopt the order I have put forward. I am in the hands of the house.

Mr. Deputy Speaker: Order. Perhaps first of all the house would like to decide what course we will follow in respect of private members' hour. Is it the desire of the house that the private members' hour be suspended?

Mr. Howard: Mr. Speaker, there is not much point in suspending the private members' hour if we are not able to decide on what business will be taken up in its place. I think I would be agreeable to the initial suggestion of the Solicitor General, namely that we consider items No. 117, No. 110 and No. 79 in that order, and then ask for a commitment by the house that at the first convenient opportunity, perhaps the private members' hour on Thursday next, we might consider the Canada Elections Act and election expenses. I can assure the minister that we in this group will not present any difficulty in respect of the speedy passage of that legislation.

Mr. Pennell: The generosity of the hon. member embarrasses me because I am not in a position to say yes, although I will give the matter very careful consideration and take it up later with the government house leader.

Mr. Deputy Speaker: Does the house agree that we suspend the private members' hour for the day?

Some hon. Members: Agreed.

[Mr. Howard.]

• (5:10 p.m.)

JUDGES ACT AMENDMENT

PROVISION FOR ADDITIONAL COUNTY COURT APPOINTMENTS

Hon. L. T. Pennell (for the Minister of Justice) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to amend the Judges Act to provide salaries for one additional Ontario county court judge and one additional British Columbia county court judge.

Motion agreed to and the house went into committee, Mr. Batten in the chair.

Mr. Pennell: Mr. Chairman, I need not detain the house for more than a very short time. This is a short but not unimportant resolution. Its purpose is to authorize the provision of salaries for one additional county court judge of Ontario and one additional county court judge of British Columbia.

Provision for an additional county court judge of Ontario was made by legislation of that province in July of this year through an amendment to the County Judges Act.

In respect of the additional county court judge of British Columbia it is proposed that the appointment be made for the county court of Westminster county. Westminster county at the present time has two county court judges. The appointment of this additional judge was requested by the Attorney General of the province of British Columbia and by both judges of the county court in Westminster county.

Mr. Bell (Carleton): Mr. Chairman, would the Solicitor General indicate where the county court judge for Ontario will be located? Will he be assigned to a particular county or is he to be an additional county court judge at large?

Mr. Pennell: If the bill to follow this resolution is passed the judge will be what we call a roving judge. I know that term is familiar to the hon. member for Carleton. The judge will not be assigned to any particular country.

Mr. Bell (Carleton): Has any request been made for the appointment of additional judges for Ontario? I understand there may be some need for additional judges in the county of York as a result of the proposal that the Mechanics Lien Act be transferred from the supreme court to the county court?

Mr. Pennell: No formal request has been received in this regard. I believe such a request may have been delayed, and I want to

be careful in this regard, because of the fact that there is a lack of facilities. I do not wish to criticize the government of Ontario because it has recently opened one of the finest courthouses in the country, but at the present time I understand that if additional judges were appointed there would not be facilities to accommodate them.

Mr. Herridge: Mr. Chairman, I should like to say before this resolution is agreed to that I have known certain county court judges very well during my somewhat lengthy residence in the Kootenays. I refer particularly to Mr. Justice Dawson, Mr. Justice J. O. Wilson, who is now in the Supreme Court of British Columbia. His Honour Judge Nathan Nemetz, and His Honour Judge Gansner, who is our present county court judge. I might add that all these gentlemen are highly regarded for their interest in civil rights.

I could not allow this resolution to be accepted without mentioning the esteemed services of these gentlemen. They are men of experience and integrity and are held in high regard by the people of British Columbia, and the people of the Kootenay in particular. I am sure the hon. member for Kootenay East will agree with me. For once we are in agreement.

All the people of British Columbia have great respect for these gentlemen who have made such a tremendous contribution to the administration of justice in British Columbia. They have also contributed to a great extent to the operation of democracy there. I have had personal experience with two of them on arbitration boards and on other matters relating to labour disputes, and I have found them most fair in dealing with these questions.

I might add that none of these men are well off. They have never made a fortune from law. They are the kind of people who very often, when they were acting as legal counsel represented people without fee. That is one reason I hold them in such high regard. They have all rendered a great deal of service to the province of British Columbia and in many instances to the people of the Kootenays.

Mr. Howard: Mr. Chairman, I should like to make a passing comment on this resolution, particularly in respect of the method of appointing judges. I am not familiar with the circumstances of any appointment to the bench, but I think it is a well known fact that in many cases the individuals appointed have had backgrounds which indicate an affiliation with a political party. We find that when the Liberal party has been in office those who have received appointments to the bench have a history of attachment to that party, and when the Conservative party was in office those who were appointed to the bench had a history of attachment to the Conservative party. I am not suggesting that this fact means in any way that these men were not good judges. I think in the majority of cases judges in Canada have been exemplary in their behaviour, regardless of the fact they were chosen because of political affiliation rather than ability in the field of law. These two qualities may go hand in hand and may be considered when an appointment is being made, but it seems to me that this practice should stop. The political affiliation of a lawyer should not be considered in any way when an appointment is being made.

It is our belief that when an appointment to the bench is being made in Canada consideration should be given to an individual's ability and his concept of fairness and justice, rather than whether or not he supports a political party. The associations or legal fraternities in each province should be consulted when an appointment is to be made. The bar associations or other legal groups should be asked to make recommendations in respect of individuals to be appointed to the bench when vacancies exist. By following such a procedure a lesser degree of concern as to the political affiliation of an individual would be in the minds of those making the appointments than has been the case in the past. I would appreciate any response the Solicitor General might wish to make in this regard.

Miss LaMarsh: What would the response be of the deputy leader of the hon. gentleman's party?

Mr. Howard: If the hon. lady wants to ask a question I suggest she do so in a way that we can hear her.

• (5:20 p.m.)

Miss LaMarsh: Perhaps the hon. gentleman would advise us as to what the response would be of the deputy leader of his party.

Mr. Howard: The deputy leader of my party is such a competent, able and forthright gentleman I do not feel capable to give any indication of his feeling about this matter. As my hon. friend the Secretary of State knows, he is perfectly able to present those views himself.

Mr. Lewis: Mr. Chairman, I agree with the hon. member for Skeena.

Mr. Howard: I would be the most surprised person in this house if the hon. member disagreed with what I was saying. Apart from that, Mr. Chairman, at this juncture we would certainly appreciate some comment from the Solicitor General, who is asking parliament to expand the number of judges to be appointed, one in British Columbia and one in Ontario. I think it behooves him, as a member of the government, to give us some indication of the intentions in the future.

I know that the Solicitor General is a very kind and gentle person. Probably with all sincerity and conviction he would be able to say that the farthest thing from his mind would be the politics of the person who might be appointed to any of these positions or any future positions which become vacant on the bench of our country in whatever section of the courts. But the Solicitor General, however kind and personable he is, is not likely to hold that office forever. We are legislating now for the future and for the appointment of people to subsequent positions on the bench. I think therefore that now would be an excellent time to explore some other possibility of appointment than that which exists at the moment.

My colleague the hon. member for York South has whispered to me—this was news to me until now—that the Canadian Bar Association has made the self-same proposal that I am now making. I am pleased to know that the Canadian Bar Association and I think alike at least in this instance. I am sure the association would like to have the views of the Solicitor General at this time with regard to the proposal that they have put forward.

Mr. Bell (Carleton): Their proposal was equivalent but not "the self-same".

Mr. Pennell: Mr. Chairman, I agree with the hon. member that if the political service of the appointee was the only consideration, the system ought to be changed. But I submit to the committee, and I can only speak from my limited experience of the past two years, that the prime consideration—the committee will note that I did not say the "sole consideration"—is the competency of the individual to discharge the duties of a judge.

I can also inform the committee that it is the practice to have unofficial consultations with the law societies in the provinces before appointments are made. I must also point out that it is this parliament that has the responsibility for the appointment, not any law association or law society. If the appointee fails to discharge his functions in a judicial manner, the responsibility can be brought back and placed at the door of the government of the day. I agree with the hon. member that political service should not be the overriding factor in the selection of men to the bench, but I still contend that the responsibility ought to be kept within the confines of parliament.

Mr. Lewis: On this point, Mr. Chairman, I would suggest to the Solicitor General that his answer really cannot be satisfactory. Of course I have known, as most members of the bar in Ontario and elsewhere have known, about the unofficial discussions that take place. But would it not be a great deal better for the administration of justice, and the regard which the Canadian has for the administration of justice, if these discussions were not merely unofficial? Would it not be better if it were known to the people of Canada that a piece of machinery had been set up to make appointments to the bench more likely unrelated to the political association or political activities of the appointee?

After all, what is suggested here—and it has been suggested by the Canadian Bar Association and, if I remember correctly, by the Law Society of Upper Canada, the law society of Ontario—is something that in Britain has been recognized. I cannot say that it is embodied in legislation; I do not for the moment remember whether that is the case.

Mr. Turner: Mr. Chairman, I wonder whether the hon. member would permit a question at this point? Would there not be a risk—I am putting this proposition to him because he has been a member of the Canadian Bar Association and the law society of Ontario and has practised a good deal longer than I have—

Miss LaMarsh: The Law Society of Upper Canada.

Mr. Lewis: That is the official title.

Mr. Turner: I should think that in many cases the benchers do not feel they are living in Upper Canada—

Mr. Lewis: I agree.

Mr. Turner: —but in any event, would there not be a risk that if the choice of judges were left purely to law societies or bar associations—

Mr. Lewis: That is not the suggestion, Mr. Speaker, if I may say that, before the Minister without Portfolio continues. It is not the suggestion of the hon. member for Skeena, it is not my suggestion, and as far as I can recall it is not the suggestion of the Canadian Bar Association. I agree with the Solicitor General, and I imagine that what is implied in the aborted question of the Minister without Portfolio is that the responsibility for the appointment of judges must remain with the governor general in council and therefore answerable to this parliament. No one is arguing about that; no one is disagreeing with that.

What is being suggested, and I urge this on the government, is that it would be better for the administration of justice if some body were set up that was officially recognized for the purpose of consultation in this regard. I as one lawyer, am not at all sure that this consultative body should be limited to members of the bar. It is perhaps natural that a majority of the people on that body should be lawyers—perhaps not even a majority, but at all events there should be some lawyers on it who would be able to speak from their own association as to the legal abilities of a particular gentleman or number of gentlemen who were being considered for appointment. In my opinion there ought to be—I am not now speaking for any official lawyers body; I am not authorized, empowered or competent to do so because I am not a bencher or anything of that nature—a consultative body which has in its membership leading citizens of the community, people who are in a position to judge the character and attitudes of a panel of people being considered for appointment by the governor general in council.

I say to the Solicitor General that if this were the case, the kind of thing that is frequently heard across the country, the sort of feeling that men and women are appointed to the bench because of their political affiliation, would not be so prevalent. I am not for one moment suggesting that this has been in most cases the prime consideration, although every lawyer who has practised has had reason to wonder on some occasions whether it was not the prime consideration.

I am not for one moment suggesting that this has been the situation in a majority or even a substantial minority of cases. I am quite ready to accept, from my observations as a member of the bar, that the men and women appointed are people of ability and that ability was the primary concern in the minds of those responsible for the appointments. However, Mr. Chairman, I suggest that what the hon. member for Skeena has urged upon the Solicitor General is a sensible approach to this matter. In my opinion if the informal consultations were made more formal and there was a body to whom the Minister of Justice, the Solicitor General, or whoever it may be, turned for advice, recommendations and comments, none of which ought in my opinion to be made public, the general attitude toward the appointment would be much better.

• (5:30 p.m.)

As far as I can see, there is no reason why such a body should not exist in this country. As I understand it, such a body now exists in the United Kingdom; that is the situation there, unless my memory has failed me, or I am misinformed. In the United Kingdom there is a body to which the government turns for advice and comments before the appointment of judges. Everybody knows that body exists, and the personnel of that body. In consequence of that, the feeling in Britain is, it seems to me, a much more ready acceptance of the fact that appointments are based on ability than I have, in my daily work with the people of Canada, found to be the case in this country. It would be very much worth while if we acted in such a way as to induce the belief in the people of Canada that, whatever the political affiliation may be, that is not the prime concern in appointments to the bench.

Mr. Howard: I wonder if I could follow with just a word or two about the expression by the Solicitor General that this parliament would be abdicating its responsibility by permitting someone else to make the appointment. I simply say that this is not my suggestion. My suggestion, if you recall, as was stated by the hon. member for York South, was for consultation. Certainly if there is consultation in an official way, and I do not know how you achieve that sort of thing, then why not have consultation in an official way? Then, it would be a recognized part of our procedure.

I have not suggested a new device. The unemployment insurance advisory committee comes to mind immediately as a group which the government appoints, but which is appointed officially only after consultation with representatives of the labour movement and of the management groups. In my own province of British Columbia, the members of the Labour Relations Board are appointed in that fashion. The trade union movement of British Columbia has been asked officially on a number of occasions to make recommendations

when appointments had to be made. I think the rules were that three people were recommended and the government chose one, so that the labour body itself did not make the determination by recommending one person.

The bill with which we have been dealing in the last few days contains certain limiting provisions in connection with appointments. In one instance, the person appointed to the board to be set up under that bill must be a lawyer. This constitutes a restriction upon the prerogative of appointments. My suggestion is not a novel one and was not meant in the way the Solicitor General interpreted it.

May I ask the Solicitor General if he would be prepared to refer this bill to a committee in order that representative bodies, such as the Canadian Bar Association, could appear before the committee to present their case, and the Solicitor General could present his case, to ascertain whether or not a meeting of minds could be reached? The committee of the whole house is rather an unwieldy body in which to consider something of this nature. If the minister would be prepared to do that following second reading, we might make excellent progress with this bill.

Mr. Bell (Carleton): Each resolution of this type provokes a discussion of the type we have just had. Unfortunately the inference is frequently left that there is some inadequacy in the bench as it exists in Canada today. I want to dispute that as vigorously as I can and say that in my opinion we are greatly favoured in Canada by the quality of the bench we have at all levels. I do not believe any country enjoys a higher standard of intellect or integrity than we have generally among our judges in Canada. This needs to be said and said on every occasion.

I want to say further that I have never been one to believe that because a man participated in public affairs or in the politics of any particular party, he ought thereby to be eliminated from further public service. I consider service on the bench to be one of the highest forms of public service, but the service in any political party, I care not which political party, is a very high service and is a qualification for future public service. I believe this needs to be said because one problem is that too few people in the legal profession do participate in the public affairs of their own community.

Mr. Peters: You cannot campaign for bencher here.

[Mr. Howard.]

Mr. Bell (Carleton): I am long past campaigning for bencher. The only time I did, I was successful and I expect never to run again.

We should not have words spoken in this house which would discourage members of the legal profession from taking part in politics or feeling that by reason of taking part in politics they may possibly prejudice their chances in the future of achieving a position on the bench of this country. If that inference were to be left, I think it would be very bad for the bench of this country. I have had the privilege of knowing a great many ministers of justice in Canada. I believe that every one of them has taken his responsibilities very seriously. Indeed, they have spent agonizing hours considering appointments to the bench and considering the responsibility that goes with their recommendation to cabinet. I have sat in cabinet meetings and I have watched members of the administration take part in these discussions. I assure you these discussions were not related to politics but to the qualities of the individual and whether he had those qualities which would make a good judge.

There is no doubt it is wise to have discussions with members of the bar association. However, I do not believe that any minister of justice or any cabinet of this country could abdicate their responsibility to any provincial or any national bar association. There are cliques in the Canadian Bar Association; there are cliques in the Law Society of Upper Canada and the Law Society of British Columbia, just as there are in any other association. I do not believe any responsible cabinet in this country should delegate its authority to some body which has no responsibility to the people whatever and is responsible only to a small group. Consult as much as you wish. I believe ministers of justice in the past have, and will continue to do so. However, abdication to some other organization I say to you, sir, is simply not good enough. We should not permit anything of the sort.

I rose only to say, and I repeat, that I think we have in this country a first class bench and we should proclaim that fact on every occasion.

Mr. Howard: No one suggested anything but a consultative body. The eloquence of the hon. member for Carleton only moves me to say that was one of the finest red herring speeches I have heard for some time.

Resolution reported and concurred in.

Mr. Pennell thereupon moved for leave to introduce Bill No. C-262, to amend the Judges Act.

Motion agreed to and bill read the first time.

• (5:40 p.m.)

Mr. Deputy Speaker: When shall the said bill be read a second time? Now?

Mr. Howard: Mr. Speaker, I think it should be read a second time on another day. I say that because one of my colleagues has a particular interest in it, and unfortunately is not here because he did not have notice of the desire to proceed with it. It would be much appreciated if the bill could be read a second time on another day.

Mr. Pennell: I appreciate the hon. member's point and I am prepared to accept his request.

Mr. Deputy Speaker: Next sitting of the house.

CANADA CORPORATIONS ACT AMENDMENT

PROVISION FOR INCORPORATION THROUGH LETTERS PATENT

Hon. John N. Turner (for the Registrar General) moved the second reading of Bill No. S-51, to amend the Canada Corporations Act to facilitate the incorporation by letters patent of corporations without objects of pecuniary gain.

Mr. Bell (Carleton): Is the Minister without Portfolio (Mr. Turner) going to make a statement on this bill?

Mr. Turner: Mr. Speaker, I will make a short statement.

The purpose of the bill is to allow an alternative means of incorporating companies without objects of pecuniary gain. These are, as will be found in the explanatory notes, corporations having objects of a national, patriotic, religious, philanthropic, charitable, scientific, artistic, social, professional or sporting character, or the like objects.

At the moment, Mr. Speaker, these incorporations must be brought before the House of Commons and dealt with in private members' hour, unless their membership is drawn from or their business carried on in more than one province, within the meaning of the present section 144 of the Canada Corporations Act. So that what it does is to open up an alternative procedure for incorporation. It allows bodies of this nature to go before the Registrar General's department by way of letters patent under an ordinary incorporation proceeding. The alternative of coming before parliament will, of course, still be open to them.

The reason this cannot be done now is that the words of the present section, as I have said, maintain that the purposes must envisage that the objects are carried on in more than one province of Canada. New words are now substituted, and they are "to which the legislative authority of the parliament of Canada extends".

Before the decision of the Supreme Court of Canada in the *Saumur* case, it used to be thought that the parliament of Canada had no jurisdiction over, say, religious bodies unless they did carry on business in more than one province, because it was felt that the property and civil rights clause under head 13 of section 92 of the British North America Act gave the provinces exclusive jurisdiction and authority over religious bodies. Since the *Saumur* case it is now clear that the parliament of Canada has jurisdiction, and these words are now changed to "to which the legislative authority of the parliament of Canada extends", replacing the more limiting words "carrying on in more than one province of Canada".

Hon. R. A. Bell (Carleton): Mr. Speaker, the Minister without Portfolio (Mr. Turner) is pinch-hitting for the Registrar General and President of the Privy Council (Mr. Favreau) and I should like to take a moment to say how much I regret that the Registrar General has been compelled to surrender some of his responsibilities, and how much all of us are looking forward to his return to the house. We hope that his health will be fully restored and that he will be able to take up his duties with the full vigour and intellect for which he is noted.

The purposes of the bill have been stated by the Minister without Portfolio. It relieves the house of the need for dealing with private bills which relate only to matters within one province of Canada. My concern, sir, is that this bill may do much more than it was ever intended to do. I fear that in its draftsmanship something may have happened which perhaps will definitely restrict what has been the previous authority to issue letters patent for corporations of a national, patriotic, religious, philanthropic and charitable nature—what we normally call the Part II companies.

Canada Corporations Act Amendment

Legislative authority in respect of incorporation is, of course, divided between the dominion and the provinces. There are some kinds of corporations which can be incorporated by the dominion and cannot be incorporated by the provinces, and vice versa. Section 92 of the British North America Act, subsection 11, provides that the provinces have the right over—

—the incorporation of companies with provincial objects.

There is no mention whatever of incorporation in section 91 except in subsection (15), which deals with the incorporation of banks. However, it has been held by the Privy Council in the leading cases on corporation law—the John Deere Plough *v.* Wharton case, Bonanza Creek Goldmining *v.* The King and Great West Saddlery Co. *v.* The King—that there is within the jurisdiction of the parliament of Canada, and by delegation to the government of Canada, the power to issue letters patent covering corporations which I venture to suggest have authority in fields much beyond the legislative jurisdiction of this parliament.

In other words, I suggest that the position is that there is power in this parliament under its residual authority to invest in a corporation the status of a person, although the objects may be under the legislative jurisdiction of a province.

I should like to mention the type of corporation which has consistently been incorporated by letters patent under Part II, and which I think may well be now restricted by this particular legislation. I mention, for example, the Canadian Teachers Federation. All of the objects of the Canadian Teachers Federation are under the exclusive authority of the province; yet the Canadian Teachers Federation has been incorporated by letters patent issued by the Secretary of State of Canada.

I could also mention the Canadian Association of Universities and Colleges and the Canadian Guild of Dispensing Opticians. In no case are the objects of these corporations within the legislative jurisdiction of this parliament, but they are incorporated by the Secretary of State pursuant to legislative authority conferred by this parliament.

I might also mention the Canadian Bible Society, the Canadian Association of University Teachers, the Canadian Cancer Society, the Canadian Council of Christians and Jews, the Canadian Construction Association, the Canadian Good Roads Association, the Canada Foundation, the Canadian Association of the Deaf, the Canadian Association of Fire Chiefs, the Canadian Association for Retarded Children, the Canadian Authors Association, the Canadian Historical Association, the Canadian Mental Health Association, the Canadian Political Science Association—and so, on and on one could go. In most of these cases the objects of these corporations created by letters patent issued by the Secretary of State are exclusively provincial in nature.

Now, Mr. Speaker, what are we saying in this legislation? Let me ask you to put in contrast the provisions of the old section 144, which gave authority to the Registrar General by letters patent to create:

—a body corporate and politic, without share capital, for the purpose of carrying on in more than one province of Canada without pecuniary gain to its members, objects of a national patriotic, religious,—

—and so on—

—character—

What are we saying now, Mr. Speaker? We are saying in the proposed amendment that this may be done in relation to:

—"objects, to which the legislative authority of the parliament of Canada extends."

• (5:50 p.m.)

I should like the minister to tell me how the legislative authority of the parliament of Canada extends to any of the objects of the Canadian Teachers Federation. How does the legislative authority of the parliament of Canada extend to the objects of the Canadian Guild of Dispensing Opticians. How does it extend to the objects of the Canadian National Institute for the Blind? It has been consistently assumed that there was residual authority, both under the opening powers of section 91, and under the trade and commerce powers, which enabled this parliament to create a corporation and to give it the legal status of a person, but that the objects of such corporations might be objects to which the legislative authority of the provinces solely would extend.

If I am right about this, then we are doing more by this legislation than ever was intended. I am worried that we may possibly be restricting in future the power of incorporation by letters patent of national organizations which play an important part in our national life because it may be argued by some that the legislative authority of this parliament

does not extend to the objects of such organizations, particularly those in the professions.

Earlier we talked of the Canadian Bar Association. It may well be that national professional organizations can no longer be incorporated, as a result of this measure. That concerns me. I hope the minister can relieve my fears. Otherwise I must oppose this bill to the limit.

Mr. Knowles: Could I ask the hon. member a question? Would he consider that a comma after the word "objects" might make a difference in his argument? Let me put it this way. If the legislative authority of parliament refers to objects only, it seems to me he has a point. But if, after the word "objects", there is a comma, then several different things are strung together by the word "or". Does that little comma not make a difference to his argument?

Mr. Bell (Carleton): I think not, Mr. Speaker. The word "objects" is completely qualified by the words "to which the legislative authority of the parliament of Canada extends".

Mr. Knowles: What about the rest of the clause?

Mr. Bell (Carleton): Yes, I appreciate the hon. member's words. The rest of the clause reads:

—of a national, patriotic, religious, philanthropic, charitable, scientific, artistic, social, professional or sporting character, or the like—

I cannot see how there can be any conflict, any confusion in the interpretation. The objects will be qualified by the words, "to which the legislative authority of the parliament of Canada extends". These are the only matters where it would be possible for the Registrar General to incorporate by letters patent.

I hope I am proved wrong. I do not want, under the pretext of relieving this house of responsibility to enact private bills in any way to confine what has been the clear authority of the Secretary of State and the Registrar General evidenced on previous occasions.

Mr. Arnold Peters (Timiskaming): I wish to say a few words in answer to the argument of the hon. member for Carleton. I suggest that for some time we have done what he opposes. It matters not, in my opinion whether this is a private bill, a private act of parliament establishing the National Boys Scout Organization, or whether there are letters patent doing the same thing. The point is that we have cluttered up the order paper with things that should not be on it. We have asked Catholics to approve of the church of God, or of the Baptist church, and we have asked Baptists to approve Catholic churches, or the like. We have asked hon. members to endorse, for instance, the International Organization of Endocrinologists—one can hardly pronounce the word.

The hon. member for Carleton did not oppose those private bills. He opposes the setting up of a body, of an agency of parliament more competent to deal with these private bills than we, in the house are. Many of these matters must be carefully looked into.

Let me give an example. Not long ago an organization that in my opinion would control hundreds of millions of dollars sought incorporation. Neither the parliamentary agent responsible to the Speaker, nor the representatives of the organization, were able to present resolutions from the organization, provincial or national, to show that the four or five people appearing were not in fact alone in asking for the incorporation, which would give them control of the organization's assets.

I have had discussions with the hon. member for Carleton. He convinced me that some agencies, and I speak in the non-legal sense, could be handled in a better way than they are now being handled. The agencies included in this bill were not those against which he raised a legitimate argument. We ought to make a change so that these incorporations can be carried out in a better manner than they are at present carried out. If this bill is not passed I shall expect to see the hon. member for Carleton taking a much more active role in individual incorporations than he has taken up to now.

I think this measure is a forward step and one that members of parliament ought to support. A private bill ought to be handled by an agency perhaps, more competent to process it than we are. I have been referring to the incorporation of non-financial institutions.

The Acting Speaker (Mr. Richard): Is it the pleasure of the house to adopt the said motion?

Mr. Bell (Carleton): On division.

Motion agreed to on division, bill read the second time and the house went into committee thereon, Mr. Richard in the chair.

Canada Corporations Act Amendment

On clause 1.

Mr. Bell (Carleton): I expect a reply from the minister. I was not prepared to grant second reading, with the qualms I have, without an explanation from the minister.

Mr. Turner: May I reply briefly to the constitutional point raised by the hon. member for Carleton. I took the precaution of obtaining an opinion from the legal officers of the crown on the point the hon. member has raised. In the opinion of the legal officers the amendment contemplated to section 144 (1) extends the power, the current power, of the Registrar General's department in accordance with the decision of the Supreme Court rendered in the Saumur case. In this way, under the present act, only a non-pecuniary corporation carrying on activities in more than one province would qualify for letters patent under the Registrar General's department. Otherwise the matter would go before parliament.

• (6:00 p.m.)

Any such organization drawn generally from the membership in Canada as a whole, not limited to any province but not necessarily bound to carry on its activities in more than one province, would now qualify for letters patent.

The question asked by the hon. member for Carleton was this: Would this mean parliament would be granting to the Registrar General's department authority to usurp provincial jurisdiction in that it would allow national associations of professional people normally under provincial jurisdiction to incorporate it under federal charter.

Mr. Bell (Carleton): It is really the reverse. My point was the fear that the Registrar General would not have that authority.

Mr. Turner: It adds up to the same thing. I am advised that despite the fact that the professions or associations involved would, if it is a matter of disciplinary action, be governed by a provincial legislature, there is nothing to prevent doctors, teachers or dentists or members of the bar uniting in a national body and thereby coming under federal jurisdiction, because the action contemplated is not the activity of teaching or of being a doctor but of associating with fellow professionals or fellow students, and this is clearly within the authority of parliament.

[Mr. Bell (Carleton).]

If there were any object of the association seeking incorporation which included licensing, or qualification of members, or discipline, which come under provincial jurisdiction, those objects would have to be stricken out before letters patent were granted or before parliament could give its consent.

In conclusion, I am advised that the proposed amendment enlarges the powers under section 144 of the Canada Corporations Act and would not prevent the incorporation of corporations whose objects, being of the character described or a like character, involved the bringing together in an association, without shares and without pecuniary gain to members, of persons of a like profession, occupation or interest within Canada, as distinct from being within one province.

Mr. Bell (Carleton): It will, of course, be obvious that I have discussed this matter with members of the government who shared my fears. I just want to have an unqualified undertaking from the Acting Registrar General that the inclusion in this legislation of the words "to which the legislative authority of the parliament of Canada extends" would not in any way prevent the incorporation by letters patent of such bodies as have previously been incorporated—the Canadian Teachers Federation, the Canadian Guild of Dispensing Opticians, the Bible Society, the Cancer Society and similar organizations?

Mr. Turner: Within the limits of the hon. gentleman's remarks and of my understand- I can give that undertaking.

Clause agreed to.

Clauses 2 and 3 agreed to.

Preamble agreed to.

Title agreed to.

Bill reported.

Mr. Deputy Speaker: When shall the bill be read the third time?

Mr. Knowles: Now, by leave.

Mr. Turner moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

BUSINESS OF THE HOUSE

Mr. Rapp: May I ask the acting leader of the house to inform us what the business of the house will be on Monday next?

Mr. Turner: Acting for the acting house leader I should like to inform hon. members that the order of business on Monday will be, first, item 92, the transport bill. If somehow we complete our discussion of that measure we will call item 79, the C.N.R. financing bill, and in the third instance item 84, the Interpretation Act.

It being eight minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

APPENDIX

WHEAT BOARD STATEMENT RESPECTING FINAL PAYMENTS

The Canadian Wheat Board today announced the final payment on wheat delivered to the board during the crop year 1965-66.

Producers delivered a total of 559,790,073 bushels of wheat to the board in the 1965-66 crop year which included 18,369 bushels of Durum wheat. The amount of the final payment to be distributed to producers is $270,-028,575 of which $9,948,861 will be distributed to producers who delivered Durum wheat. This is not a payment by the government of Canada, but represents the net returns of the Canadian Wheat Board in the marketing of western Canadian wheat for the 1965-66 crop year.

The average final payment for wheat other than Durum is 48.087 cents per bushel. The average final payment for Durum wheat is 52.549 cents per bushel.

The board will commence issuing final payment cheques to producers on January 17, 1967.

The final payment is being made on a grade basis as prescribed in the Canadian Wheat Board Act. The rates of final payment for the principal grades of wheat are as follows:

Red Spring Wheat grades:	Final Payment (cents per bushel)
No. 1 Manitoba Northern	49.202
No. 2 Manitoba Northern	50.138
No. 3 Manitoba Northern	45.806
No. 4 Manitoba Northern	47.253
No. 5 Wheat	53.559
No. 6 Wheat	56.034
Feed Wheat	57.148

Amber Durum grades:	Final Payment (cents per bushel)
No. 1 C.W. Amber Durum	53.188
No. 2 C.W. Amber Durum	54.284
No. 3 C.W. Amber Durum	51.952
Extra No. 4 C.W. Amber Durum	53.407
No. 4 C.W. Amber Durum	51.723
No. 5 C.W. Amber Durum	51.045
No. 6 C.W. Amber Durum	53.390

HOUSE OF COMMONS

Monday, January 16, 1967

The house met at 2.30 p.m.

MARITIME TRANSPORTATION UNIONS TRUSTEES ACT

EXTENSION OF PROVISIONS TO DECEMBER 31, 1967

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I wish to table copies in English and French of the proclamation extending to December 31 next the Maritime Transportation Unions Trustees Act under which a board of trustees was set up with respect to certain maritime unions. I ask the consent of the house that this be made an appendix to *Hansard*. I do so because the act provides that this proclamation shall be laid before parliament within a limited number of days.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Editor's note: For text of document referred to above, see appendix.*]

Mr. Nicholson: Mr. Speaker, on Wednesday last I informed the house that at an early date I would make a statement, on motions, concerning this proclamation, and I think it appropriate to make such a statement at this time. When my predecessor, now the Minister of National Health and Welfare, introduced the legislation establishing the trusteeship, a serious situation had developed which affected not only the unions and their members, but the whole shipping industry of the vital international waterways of the St. Lawrence seaway and the great lakes.

In this connection hon. members will recall vividly the disruption that occurred in 1962 and 1963, the investigation by Mr. Justice Norris, and its aftermath. The legislation was passed in October, 1963. As I recall, only four members opposed the motion for second reading, and on third reading there was unanimous consent to passage. In its preamble the legislation draws attention to the emergency situation, to the consequent threat to the economy of Canada and to our international relations, and to the necessity for peace, order and good government on the seaway, in the ports, and on the seacoast of Canada.

It was further stated in the preamble that the democratic processes within a certain maritime transportation union had been undermined, and it was recommended that a trusteeship be established to enable the seamen to assume control of their organizations.

From the outset in October, 1963, the trustees have assiduously pursued this and other objectives in the interests of the seamen and the industry, and their annual reports tabled in parliament record the tasks and projects that they established and the progress made.

• (2:40 p.m.)

Their ultimate objective has been and will continue to be the settlement of the basic causes of the unrest which disrupted shipping, and not merely to deal with the symptoms of such unrest which occur from time to time.

In their reports to parliament the board of trustees characterized the fundamental causes of the disruption of shipping as (1) rivalry among the unions and their inability to co-operate or agree on a method of settlement of their problems; (2) an obvious lack of cohesion or co-operation among the employers; (3) the hiring hall arrangements in the maritime transportation industry.

Associated with this latter problem are questions arising out of the manning of ships, the education, training and certification of seamen, and labour turnover. Although limited in effect, these questions still pose serious difficulties for the industry and must be resolved, preferably during the current year 1967.

I am happy to say that progress has been made toward co-operation among the unions, unity among the employers and toward communication among the unions with each other and with the association of employers. The trustees have proved to be a unifying influence. They notified me, however, during the last week of the year just past that several of their objectives have not been fully realized. In my opinion it would be most unfortunate if, for want of time, the work now well advanced were not completed and was ultimately undone, with resulting further disturbances in the industry.

The question of whether the act should be extended was considered by the government on December 29, and the decision was then

reached that it was desirable that the trustees be given a further limited period—and I stress the word "limited"—in which to complete the objectives they have established as beneficial for the unions and for the maritime industry generally. The additional time will afford the trustees an opportunity to phase out their operations in an orderly way. Incidentally, Mr. Speaker, I am sure that hon. members and the public generally will be interested and gratified to know that from a high of 32 the staff of the trustees is now only nine, so it will be seen that during the past months the trustees have made real progress in their efforts to wind up their activities.

I am happy to say that the chairman of the board of trustees, Judge Rene Lippe, and the other two members, Messrs. Charles Millard and Joseph Mackenzie, have agreed to continue to serve during the extended term. As results indicate, so far they have done a good job in the national interest, and I would like to extend to them the thanks of the government and, I am sure, of parliament for their work. I might say in closing that this limited extension of time cannot, as has been feared by some, operate to interfere with the collective bargaining due to take place in the industry later this year.

Hon. Michael Starr (Ontario): The minister has today repeated an announcement which was made in the newspapers a few weeks ago, namely that the period of the maritime trusteeship is to be extended for a further term of one year.

It is difficult to avoid the conclusion that there must have been misunderstanding, laxity and divergence of opinion among the trustees if, after three years, a further period of one year is required during which the unions are to be held under trusteeship. In my opinion, and in the opinion of those who have followed this situation closely, no reforms of any significance have been effected by the trustees with respect to the unions. If this had been the case there would have been no need to extend the trusteeship for a further year.

As a matter of fact there have been marked differences of opinion among the trustees themselves. Parliament has found it very difficult to obtain any information from them; the standing committee on industrial relations endeavoured to do so a year or two ago, but without success.

We were unable to elicit any information from the members of the trustee board as to the conduct of elections and other vital important matters which we felt we had a right to know, and that the Canadian public had a right to know. If they had made any reforms during the three years they have been in existence they would have been glad to give this information to members of parliament in the standing committee on industrial relations.

One of the first things the maritime trustees allowed and gave sanction to was the violation of the constitution in respect to elections. The executive of the S.I.U. is exactly the same now as it was prior to the establishment of the board of trustees, except that Mr. Hal Banks is not there any longer and nothing is being done about him.

There has been no guarantee at all of a reformed union so far as the S.I.U. is concerned. This is borne out by the fact that even the Canadian Labour Congress has not made any move toward further affiliation of the S.I.U. within its membership. Now we shall have another year of trusteeship, and if that year is not any more productive than the past three years then I think it will have been a waste of money, because after that period we shall be back to where we were in 1963.

Mr. Frank Howard (Skeena): Mr. Speaker, it is some two and a half weeks since the proclamation was issued, and a week since parliament resumed its session. I think the time lapse between those two events and the statement today explains perfectly the background for the action being taken by the government, because it has obviously taken that length of time to draft this statement to attempt to explain the inexplicable.

I believe the minister said the main reason for the extension of the trusteeship was that it would be a unifying influence, and the trustees had notified him that several of their objectives had not been met. Therefore I think the responsibility rests on the shoulders of the minister to explain to the house in detail what these objectives are that have not been met. He did not take the opportunity to do that today; I hope he will at some future time.

In passing I might say that the extension of the trusteeship, which is certainly not acceptable to me, probably could have been prevented had the Canadian Labour Congress, instead of dragging its feet, acted favourably on the application which one of the unions under trusteeship made for reaffiliation with that central labour body. Also in passing, if I could make reference to a brief submitted to the Minister of Labour on November 22, 1966, by the Dominion Marine Association, a body of companies in the shipping industry, we might

get some insight into the real reason for the imposition of another year of trusteeship. At page 3 of their brief the Dominion Marine Association said:

> The member companies of D.M.A. consider it would be futile to enter into collective bargaining negotiations with the S.I.U. until the problems arising out of implementation of the code—

That is the Canada Labour (Standards) Code.

> —are disposed of.

This was a declaration by the Dominion Marine Association that it was not too interested in entering into the collective bargaining processes, regardless of what the law says. I think this truly indicates the reason for the extension of the trusteeship, namely that the government desires that there be some sort of tranquilizing imposition upon the negotiations coming up later this year in the hope that the results of those negotiations will more nearly meet the desires of the D.M.A. and the government, and consequently will mean less to the employees working in the industry.

It is interesting to note that the minister said there were certain matters relating to safety, the manning of ships and the like which were also reasons for the extension of the trusteeship. So far as I am concerned this is a bit of an insult to the Minister of Transport from the Minister of Labour, because there rests within the hands of the Minister of Transport the responsibility by law of dealing with matters of manning and safety at sea, things which he has pushed to one side or dragged his feet on for some months. It is a sad state of affairs when one minister has to drag himself up with the help of another to justify the imposition of the trusteeship.

There is perhaps one good feature now that the damage has been done; that is the same gentlemen who were on the board of trustees will continue in that position. I say this because it would be absolutely chaotic if a new group of trustees had to come along in the midst of everything and start all over again. It is for this reason that there might be something good in the announcement made today.

• (2:50 p.m.)

I should like to ask the minister whether he would be willing to table the correspondence between himself and the members of the board of trustees relating to the extension. I should like him to table both his letter and their response. May I sum up by saying that in listening to the minister's statement I was reminded quite a bit of the material used in a kitchen called saran wrap; because certainly the statement was flimsy, obviously transparent and, like saran wrap, covers up that which is inside which has a malodorous air to it.

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, the announcement of the continuation of the trusteeship for another year must be greeted with a certain disquiet considering the length of time which has gone by since the trusteeship first was set up. I am sure the Canadian public does not wish to see a return to the situation which originally produced the trusteeship. I feel they would hope that the extension is not something which is going to put the matter to sleep for another year, and that at the conclusion of that period the problem will rise again with all its difficulties. One would hope that this additional time will be used to finalize some of the problems which still exist regarding that group of unions and the transport industry on the great lakes and the seaway. We know the government has not yet made up its mind in respect of the extradition of Mr. Banks from the United States and the possible injection of that personality back into the whole issue in the coming year. This is a matter of considerable concern.

One would hope that without any legislation being passed, possibly the unions of this country would set terms which would limit the years in office of some of the persons who manage under the present set-up to gain control of the unions and remain in office too long, with neither the unions nor the government of Canada having any power over them. I trust that the year's extension will be used to the greatest possible benefit in settling this issue.

CRIMINAL CODE

AMENDMENT RESPECTING USE OF SMALL TYPE IN CONTRACTS, ETC.

Mr. Barry Mather (New Westminster) moved the first reading of Bill No. C-263, to amend the Criminal Code (fine print clauses).

Some hon. Members: Explain.

Mr. Mather: Mr. Speaker, the object of this bill is to eliminate the trouble which so often is caused by fine print or small type in contracts. The bill would amend the Criminal Code to make illegal publication of clauses in policies, contracts or deeds in small typographical characters with intent to delude the purchaser concerning the limitations in the benefits. "Fine print" in this context means type smaller than the main body of the print

of the contracts. The entire aim of the bill is to protect the consumer.

Motion agreed to and bill read the first time.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

CORPORATION AND PERSONAL INCOME TAX

Question No. 1,675—**Mr. Irvine:**

1. What was the amount of individual income tax collected by the federal government from each province in Canada in each year from 1955 to 1965 inclusive?

2. During that same period, what was the amount of corporation tax collected from each province in each year?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. Individual income tax collected by the federal government from each province in Canada, based on amounts collected in the district offices located in each province, are shown in the following publications as noted: Fiscal years 1955 and 1956: Taxation statistics 1960, page 18. Fiscal years 1957 to 1962 inclusive: Taxation statistics 1962, page 18. Fiscal years 1963 to 1965: Not available because payments and refunds processed by the taxation data centre in Ottawa relate to all provinces and district office collection figures, therefore, do not indicate correctly the amount collected in each province.

2. Corporation income tax collected by the federal government from each province, based on amounts collected in the district offices located in each province, are shown in taxation statistics for fiscal years 1955 to 1962. The references are the same as given above in answer to 1. Figures for fiscal years 1963 to 1965 are given below, including old age security tax and provincial income tax except as noted.

	Fiscal Year Ended March 31		
	1963	1964	1965
		$ million	
Newfoundland	12.5	14.2	22.5
P.E.I.	2.4	2.3	2.6
Nova Scotia	16.3	16.8	18.6
New Brunswick	12.3	13.1	15.4
*Quebec	402.5	432.1	498.1
*Ontario	654.4	700.6	867.3
Manitoba	49.1	47.1	72.0
Saskatchewan	13.2	15.0	18.1
Alberta	71.5	81.1	100.5
British Columbia	128.3	149.6	189.2

* Does not include taxes levied and collected by the province directly.

[Mr. Mather.]

* QUINIDINE SULPHATE—INCREASE IN PRICE OF DRUG

Question No. 1,845—**Mr. Haidasz:**

Regarding the answer to part 6 of starred question No. 1,647, does the government intend to take any steps to investigate and remedy the high increase in the price, during the past year, of a cardiac drug, quinidine sulphate, from $4 to $19 per 100 tablets?

Hon. John N. Turner (Member of the Administration): Mr. Speaker, the answer to this question is that the matter has been referred to the director of investigation and research under the Combines Investigation Act in order that he may consider whether formal inquiry under this act is warranted.

* POST OFFICE EMPLOYEES, LONDON, ONT.

Question No. 2,086—**Mr. Irvine:**

1. What is the total number of employees of the London post offices and London district office?

2. How many come under the Civil Service Commission?

3. How many are employed by the Post Office Department as opposed to the civil service?

4. What job security do each of these groups enjoy, in detail?

5. Are any grade clerks receiving pay at the rate of lesser grades than the one at which they are employed and, if so (a) how many (b) list in detail giving reasons?

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, the answer to the first part of the question is 514. An indeterminate number of persons working as casuals are in the London post office from time to time as needed. The answer to part 2 is 514. The answer to part 3 is that all are employed under the authority of the Civil Service Act. The answer to part 4 is, according to the terms and conditions of employment as provided under the Civil Service Act and the civil service regulations. The answer to part 5 is none.

INDIAN ARTICLES IN NATIONAL MUSEUM

Question No. 2,124—**Mr. Howard:**

1. What is the value of all articles, items, utensils, carvings, etc., of Canadian Indian origin in the possession of the National Museum of Canada?

2. What has been the increase in value of these possessions over the past ten years?

3. Is any assessment available of the deterioration of these possessions over the past ten years and, if so, what are the details of that assessment?

4. What steps, by way of humidifying apparatus or otherwise, are being taken to preserve or protect these possessions?

Hon. Judy V. LaMarsh (Secretary of State): 1. It is not possible to set a monetary value on the varied items in the anthropological collections of the National Museum of Canada. Basically, value of any object is the price which it would fetch if it were sold in the market. For rare books, prints etc. booksellers and art dealers commonly accept as a standard price the money paid for an identical book or print at the last auction at which one changed hands. But the artifacts in the National Museum are mainly things that were individually made; as such, they have no identical twins by whose prices at auctions a value could be established; and so this method of valuing National Museum collections fails.

A number of the objects in our collections have, of course, been purchased at various dates. But the total of their purchase prices would not amount to the value of our collections, for various reasons, of which the chief is that a list of such prices would be very incomplete because it would contain no account of donations or objects collected in the field. A very large percentage of the museum's artifacts were either given by donors or collected in the field, so that no monetary price has ever been attached to them; and very many which were purchased were acquired at dates whose dollar values bear no relation to those of today.

2. It is impossible to determine the increase in value of the museum's possessions over the last 10 years.

3. No assessment is available of the deterioration of the specimens during the last 10 years.

4. Humidifying equipment has been placed in the ethnology storage areas where there are artifacts and specimens which would otherwise dry out. The equipment which we have is the best that can be provided. This equipment which was installed in July of 1961 consists of 6-4,000 watt immersion heaters blower type humidifiers.

POST OFFICE DEPARTMENT—USE OF MAPLE LEAF DESIGN

Question No. 2,161—**Mr. Webb:**

What are the "more important places" referred to by the Postmaster General, November 1, page 9368 of *Hansard*, to which the maple leaf with P.C. or C.P. on it would be "acceptable" in place of the Canadian coat of arms?

Hon. Jean-Pierre Côté (Postmaster General): Within the full context of the reference on page 9368 of *Hansard* November 1, the more important places would be mail boxes, mail trucks, mail bags and stationery.

COST OF REPAIRS TO C.N.R. BRIDGE, QUEBEC

Question No. 2,170—**Mr. Godin:**

1. What was the cost of the major repairs carried out in 1947-48 to the C.N.R. bridge at mile 93.5, Latuque subdivision, province of Quebec?

2. What is the name of the firm that carried out these repairs?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: 1. Approximately $120,000.

2. Intrusion-Prepakt Ltd.

H. J. O'CONNELL LTD.—INCOME TAX APPEAL

Question No. 2,185—**Mr. Brewin:**

1. Was counsel for the Minister of National Revenue instructed in the appeal before the tax appeal board entitled between appellant, H. J. O'Connell Limited and Minister of National Revenue, respondent, to submit that the expenses in the amount of $300,824.90 which were deducted from the appellant's statement of surplus under the heading of "promotion" and described as having been incurred for solicited contributions made to both political parties either provincial or federal in order to obtain contracts were not deductible expenses?

2. Did the tax appeal board allow or disallow the said expenditures from the appellant's taxable income?

3. If the answer to the above question is that the deduction was allowed, does the Minister of National Revenue intend to appeal from the said decision?

4. What are the details of the "solicited contributions" referred to in the reasons for judgment of the tax appeal board and what are the details of the contracts granted to the appellant company by the government of Canada or any agency thereof, giving services provided and the amounts involved?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. No.

2. No. The right of the appellant to deduct expenses of the nature described in question 1 in computing income for tax purposes was not in issue before the tax appeal board. Such expenses were not, in fact, deducted for income tax purposes.

3. See answer to question 2.

4. The Minister of National Revenue does not have the details requested. Upon being satisfied that the expenses were not deducted

in computing taxable income and were not paid to a person liable to pay tax, the details of the expenditures are of no concern to the Department of National Revenue (taxation).

TAX APPEAL BOARD

Question No. 2,223—**Mr. Grégoire:**

1. Do the persons appointed to hear appeals to the tax appeal board hold the office of a judge and (a) if so, what are the qualifications necessary for appointment to hear such appeals (b) if not, what official status do they hold?

2. How many members are on the tax appeal board?

3. For every member of the board (a) what official function does he hold as member of the board (b) before his appointment to the board, to what profession did he belong?

4. How many other employees or officers work for the board in each employment classification?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. No. (a) not applicable. (b) chairman, assistant chairman and members.

2. Six.

3. (a) chairman, assistant chairman and four members. (b) All six belonged to the legal profession.

4. Three registrars, 12 administrative support, one operational.

DISPOSITION OF APPEALS, TAX APPEAL BOARD

Question No. 2,224—**Mr. Grégoire:**

With reference to subsection (1) of section 92 of the Income Tax Act, how many times over the last five years has the tax appeal board disposed of an appeal (a) by dismissing it (b) by allowing it, and, if an appeal has been allowed (i) by disallowing the assessment (ii) by varying the assessment (iii) by referring the assessment back to the minister for reconsideration and reassessment?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): (a) 1,291, (b) 1,301 (i) 632 (ii) 9 (iii) 660.

INCOME TAX APPEAL BOARD

Question No. 2,226—**Mr. Grégoire:**

In connection with the internal operations of the Income Tax Appeal Board, in the last five years (a) how many times has the board met (b) who is required to attend these meetings (c) is the minister responsible supposed to receive a copy of the minutes of these meetings (d) what are the principal matters dealt with at these meetings?

[Mr. Benson.]

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): (a) Four; (b) members and registrars; (c) no; (d) administrative policies and legal problems pertaining to sittings, hearings and judgments.

HEARING OFFICER, INCOME TAX APPEALS

Question No. 2,227—**Mr. Grégoire:**

1. Under section 86, subsection 10 of the Income Tax Act, what is the particular role of the hearing officer?

2. In what way does his role differ from that of the other members of the Income Tax Appeal Board?

3. In each of the last five years, how many hearing officers were appointed by the governor in council?

4. How long does a hearing officer remain in office?

5. Before being named hearing officer, must a person have been a member or officer of the board?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. There has never been a hearing officer appointed under this section.

2, 3, 4, and 5. Not applicable.

INCOME TAX APPEAL BOARD HEARINGS

Question No. 2,228—**Mr. Grégoire:**

1. In the last five years, in which cities has the Income Tax Appeal Board heard appeals?

2. Are the board's movements governed by a set schedule and (a) if so, what is it (b) if not, what are the factors which determine the various cities in which the board will sit?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. Belleville, Calgary, Charlottetown, Edmonton, Fort William-Port Arthur, Halifax, Hamilton, Kingston, Kitchener-Waterloo, London, Montreal, Ottawa, Penticton, Quebec, Regina, Rouyn, St. Catharines, Saint John, St. John's, Saskatoon, Sherbrooke, Sudbury, Sydney, Toronto, Trois-Rivières, Vancouver, Victoria, Windsor, Winnipeg.

2. No. (a) Not applicable. (b) The number of appeals to be heard in each centre.

EXPENSES OF WITNESSES, TAX APPEAL BOARD

Question No. 2,229—**Mr. Grégoire:**

With reference to section 91, subsection (3) of the Income Tax Act, who meets the travel expenses incurred by witnesses called to give evidence by the tax appeal board?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): The party calling the witness.

TAX APPEAL BOARD OFFICES

Question No. 2,230—**Mr. Grégoire:**

In what Canadian cities or towns does the tax appeal board have offices or permanent quarters?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Ottawa.

TAX APPEAL BOARD HEARINGS

Question No. 2,231—**Mr. Grégoire:**

1. How many cases have been heard each year by the tax appeal board since its creation?

2. During each of the past ten years (a) how many of its judgments were appealed before the Exchequer Court of Canada (i) by the Minister of National Revenue (ii) by the other party (b) how many judgments, appealed before the Exchequer Court of Canada, have (i) reversed the judgments by the board (ii) confirmed the judgments by the board?

3. Out of the total number of cases heard by the board over the past ten years (a) how many were appealed before the Supreme Court of Canada (b) how many judgments by the Supreme Court of Canada have (i) reversed the judgments by the board (ii) confirmed the judgments by the board?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. 1949, 37; 1950, 209; 1951, 289; 1952, 211; 1953, 278; 1954, 230; 1955, 239; 1956, 194; 1957, 261; 1958, 273; 1959, 295; 1960, 299; 1961, 260; 1962, 193; 1963, 240; 1964, 216; 1965, 268; 1966, 251 (to Nov. 30).

2. (a)(i): 1956-57, 17; 1957-58, 20; 1958-59, 41; 1959-60, 15; 1960-61, 28; 1961-62, 25; 1962-63, 14; 1963-64, 28; 1964-65, 33; 1965-66; 18. (ii): 1956-57, 16; 1957-58, 66; 1958-59, 32; 1959-60, 49; 1960-61, 47; 1961-62, 56; 1962-63, 59; 1963-64, 51; 1964-65, 72; 1965-66, 47.

2. (b)(i): 1956-57, 6; 1957-58, 22; 1958-59, 22; 1959-60, 10; 1960-61, 12; 1961-62, 17; 1962-63, 14; 1963-64, 10; 1964-65, 8; 1965-66, 5. (ii): 1956-57, 10; 1957-58, 17; 1958-59, 16; 1959-60, 16; 1960-61, 9; 1961-62, 20; 1962-63, 15; 1963-64, 24; 1964-65, 19; 1965-66, 10. These figures do not include 303 cases which were withdrawn or settled without a hearing.

3. (a) 101. (b)(i) 27. (ii) 35. These figures are as of November 30, 1966, and do not include 24 cases which were withdrawn or settled without a hearing.

RETROACTIVE PAY FOR TEMPORARY RAILWAY EMPLOYEES

Question No. 2,251—**Mr. Fawcett:**

What is the present position, with respect to retroactive pay for temporary employees, of those temporary employees of the Canadian Pacific and Canadian National Railways who resigned from the service prior to the national railway strike, and prior to implementation of Bill C-230, which provided for pay increases effective during a period when such employees were in the service of the railways?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: In accordance with past practice and the collective agreements, wage increases apply to those persons who had an employee relationship with the company, as established by the collective agreements, as of September 1, 1966.

In so far as the Canadian Pacific Railway is concerned, the information requested is not available.

WAGES FOR UNSKILLED LABOUR, PUBLIC SERVICE

Question No. 2,268—**Mr. Barnett:**

What was the average rate of wages paid to employees in the public service of Canada, in the classification of "unskilled labour" in each of the years 1946, 1951, 1956, 1961 and 1966?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): The average rate of wages paid to employees in the public service of Canada in the classification of "unskilled labour" in each of the years 1946, 1951, 1956, 1961, 1966, is not known for the following reasons: 1. There is no classification "Unskilled labour" in the classified service; 2. Employees who could be categorized as unskilled are found in prevailing rate classes; 3. Prevailing rate employees are paid a variety of rates in relation to the locality in which they work; 4. The number of employees at the various locality rates for the five time periods is not available.

PURCHASES BY C.B.C. OF COLOUR TELEVISION SETS

Question No. 2,279—**Mr. McIntosh:**

1. What number of TV colour sets have been purchased or are planned to be purchased in 1966 and 1967 by the C.B.C. for the individual utilization of C.B.C. officials in their offices or residences?

Questions

2. What are the titles and locations of C.B.C. officials who received TV colour sets purchased by the C.B.C. in 1966?

3. What are the titles and locations of C.B.C. officials for whom the purchase of TV colour sets by the C.B.C. has been approved, but delivery has not yet taken place?

4. What has been the expenditure by the C.B.C. for TV colour sets which have already been delivered to C.B.C. officials in 1966?

5. What is the estimated expenditure in 1966 and 1967 by the C.B.C. for colour TV sets on order from manufacturers?

6. What are the names of the manufacturers of colour TV sets which have been purchased by the C.B.C. in 1966 and what quantity has been received from each in 1966?

7. Does the C.B.C. purchase colour TV sets from manufacturers at (a) retail prices (b) wholesale prices (c) discount prices?

8. From what vote are funds authorized for the purchase of colour TV sets by the C.B.C.?

Hon. Judy V. LaMarsh (Secretary of State): 1, 2 and 3. 107 TV colour receivers have been purchased by the corporation for monitoring of the English and French program services at 18 locations across Canada. Receivers are assigned to those officials whose duties require program viewing at home or in offices where production monitors are not available. Set assignments are made to management officials across the country plus selected department heads.

4. Approximately $80,250.

5. See 4 above. None on order in 1967.

6. Canadian Admiral Corporation, Canadian General Electric, Philips Electronics Limited, R.C.A. Victor Company of Canada Limited.

7. Discount prices.

8. These purchases were financed from the portion of the authorized capital budget of the Canadian Broadcasting Corporation for 1966/67, known as ordinary capital.

DUMPING DUTY ON TEXTILE IMPORTS

Question No. 2,284—**Mr. Mandziuk:**

1. Is dumping duty legally charged on imports to Canada if these are within the quota agreed upon by Canada and the exporting country?

2. Is dumping duty charged on worsted imported from mainland China if the quantity is within the quota agreed upon?

3. Is dumping duty charged against Schacter Woollens of Montreal, P.Q., and, if so, for what reason?

[Mr. McIntosh.]

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): 1. Yes, if applicable, within the provisions of the customs legislation.

2. Yes, if applicable, within the provisions of the customs legislation.

3. This type of information is regarded as being of a confidential nature involving the personal affairs of an individual business concern.

ARTICLES WRITTEN BY C.B.C. PERSONNEL

Question No. 2,287—**Mr. Diefenbaker:**

1. Have any officers, officials or employees of the Canadian Broadcasting Corporation during the past six months been writing articles in periodicals or newspapers for which payment has been or is to be made?

2. If so, who, and how much has been received by such persons?

3. In each of such cases, was authorization given by the corporation prior to the acceptance of what is described as "outside" work?

4. On what date, and by what officer or official was each such authorization granted?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the C.B.C. as follows: No official record is kept of those officers or employees of the corporation who perform outside work. Those in some bargaining units are entitled, as a result of negotiated provisions in their contracts to perform outside work without permission from officials of the corporation provided that the nature of the work does not conflict with their C.B.C. responsibilities and the work is not performed for competitive broadcasting organizations. However, in instances where such employees may be in doubt as to whether they should accept outside work, it is customary for them to request permission from their supervisors.

LAY-OFFS OF AIR CANADA EMPLOYEES

Question No. 2,297—**Mr. Régimbal:**

1. Were non-striking Air Canada employees laid off during the recent strike at Air Canada?

2. If so, what groups of employees not on strike were laid off?

3. How many of such employees were (a) union members (b) non-union members?

4. Has a protest been received by the Prime Minister from the Air Line Pilot's Association relating to the layoff of non-striking union members?

5. If so, what action will be taken to remedy the situation of which the association complains?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): In so far as parts 1, 2

and 3 are concerned the management of Air Canada advises as follows: 1. Yes. Approximately 4,000 non-striking Air Canada employees were placed on "off duty status—without pay" during the recent strike.

2. Some employees who are members of unions or associations, whose services were made completely redundant. (Employees who are members of unions or associations for whom work was available were retained on the payroll.)

3. (a) Approximately 4,000. (b) None.

4. Yes.

5. This would be a matter for consideration of company management.

EXPENDITURES ON SALMON RUNS, EAST AND WEST COASTS

Question No. 2,301—**Mr. Crouse:**

1. How much money will be spent during 1966 by the Department of Fisheries in connection with maintaining the salmon population in the rivers of British Columbia?

2. What is the amount estimated for this work in 1967?

3. What amount of funds will be spent on maintaining the salmon runs in Nova Scotia during 1966?

4. What is the amount estimated for this type of fisheries development in Nova Scotia during 1967?

Hon. H. J. Robichaud (Minister of Fisheries): 1. $2,214,100.

2. Not available.

3. $605,700.

4. Not available.

EXPENDITURES ON INLAND FISH DEVELOPMENT, ATLANTIC PROVINCES

Question No. 2,303—**Mr. Crouse:**

How much money will be spent by the Department of Fisheries during 1966 and 1967 on inland fish development and oyster farms in (a) Nova Scotia (b) Newfoundland (c) New Brunswick, and (d) Prince Edward Island?

Hon. H. J. Robichaud (Minister of Fisheries): During 1966-67 (a) $287,900 (b) $179,400, (c) $60,400 (d) $189,900. Figures are not available for 1967-68.

UNCLAIMED INCOME TAX DEDUCTIONS

Question No. 2,333—**Mr. Dionne:**

What was the amount of tax deducted at source under the Income Tax Act which was not claimed by Canadian taxpayers during the years 1964 and 1965?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Department of National Revenue, taxation, statement of unapplied tax deductions for the taxation years 1964 and 1965 as at 15th October, 1966.

1964 taxation year	
Tax deduction revenue	2,428,466,886.56
Tax deductions applied	2,392,571,989.45
Unapplied tax deductions 1964	$ 35,894,897.11
1965 taxation year	
Tax deduction revenue	2,601,056,650.95
Tax deductions applied	2,502,330,954.45
Unapplied tax deductions 1965	$ 98,725,696.50

During the period 16th October, 1965, to 15th October, 1966, an amount of $36,656,095.92 was applied in respect of the 1964 taxation year. The above statement for 1964 incorporates this adjustment.

Assuming that a comparable amount of 1965 tax deductions will be applied from 16th October, 1966, to 15th October, 1967, unapplied tax deductions 1965 will be reduced to approximately $60,000,000.

In many cases, the tax deducted at the source would be practically equal to the taxpayer's liability and under such circumstances, many persons would not file a tax return on an annual basis.

FEDERAL ASSISTANCE FOR "STUDENT SAFARI" PROGRAM

Question No. 2,342—**Mr. Saltsman:**

Will the government, through the centennial commission, give consideration to providing federal assistance to the "Student Safari" program as proposed by Elmvale Expeditions Limited and recognized by the Ontario department of education through continuing daily attendance grants to school boards participating?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the centennial commission that no suggestion or request has been made for financial assistance to the "Student Safari" program. Mr. E. F. Genge, general manager of the "Student Safari" program as proposed by Elmvale Expeditions Limited visited Ottawa in August, 1966 to acquaint the centennial commission with the project. On

his visit he stressed that the project is not dependent on any federal grant or outside assistance but that it is dependent upon the enthusiasm of students and teachers of the various high schools.

PASSENGER TRAFFIC AT CERTAIN AIRPORTS

Question No. 2,346—**Mr. LeBlanc (Rimouski):**

How many passengers disembarked or embarked an aircraft each year, from 1965 to 1966 inclusively, at the following airports: Inuvik, Fort Smith, Trois-Rivières, Drummondville, Rimouski, Baie-Comeau and Sept-Îles?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The number of passengers embarked on aircraft on reported commercial services during 1965 and from January to June 1966 at the airports listed is given in the table below. There is no record of passengers who have disembarked. However, to obtain an estimate of total commercial traffic, it is customary to double the figures shown. Traffic data covering passengers of private aircraft are not collected.

	No. of passengers embarked	
	Year 1965 ('000)	Jan. to June 1966 ('000)
Inuvik	10.2	7.0
Fort Smith	13.5	4.0
Trois-Rivières	1.6	0.9
Drummondville	—	—
Rimouski	19.0	9.8
Baie Comeau	40.6	19.5
Sept-Îles	53.0	20.7

*TORONTO—SEIZURE OF SCHOOL DISTILLING APPARATUS

Question No. 2,352—**Mr. Fulton:**

1. In the light of the recent seizure from a school teacher in Toronto, by R.C.M. Police of a small distilling apparatus similar to that used in grade 7 science classrooms, is it now government policy to require all schools in Canada to obtain licences for the use of similar apparatus in science laboratories and classrooms?

2. If so, what is the basis of this policy?

3. If not, will the apparatus seized be returned to its owner without delay?

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, this question is in three parts. The answer to the first part is no. The answer to the second part is "Not applicable", and the answer to the third part is yes.

TELEPHONE RATES IN CANADA

Question No. 2,356—**Mr. Harley:**

1. To the knowledge of the government, what are the companies in Canada that provide telephone service and what areas do these companies cover?

2. What are the various rates charged by these companies in various parts of Canada, both local and long distance?

3. What factors influence these rates?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The Board of Transport Commissioners advises as follows: 1. There are approximately 2,000 telephone companies in Canada, ranging in size from The Bell Telephone Company of Canada, (4.6 million telephones as at December 31, 1965), to small service systems with less than 25 telephones. Most of these companies are relatively small and are not within the legislative authority of the parliament of Canada, but are subject to provincial jurisdiction.

Companies subject to the jurisdiction of the Board of Transport Commissioners for Canada serve over 70 per cent of the total telephones in Canada and are listed below:

Company	Service area
(a) The Bell Telephone Company of Canada	Ontario, Quebec, Newfoundland, Labrador and North-West Territories
(b) British Columbia Telephone Co.	British Columbia.
(c) The Bonaventure and Gaspe Telephone Company Ltd.	Gaspe Peninsula (Quebec).
(d) Canadian National Telecommunications	Newfoundland, British Columbia, Yukon and North-West Territories.
(e) Quebec, North Shore and Labrador Railway Co. (Telephone Service)	Quebec and Labrador.

The major telephone system in each province or territory and the jurisdiction under which it falls is shown below:

Province	Major System	Jurisdiction
Newfoundland	Avalon Telephone Co. Ltd.	Provincial
Prince Edward Island	The Island Telephone Co. Ltd.	Provincial
Nova Scotia	Maritime Telegraph and Telephone Company	Provincial
New Brunswick	N.B. Telephone Company	Provincial
Quebec and Ontario	The Bell Telephone Company of Canada	Federal
Manitoba	Manitoba Telephone System	Provincial
Saskatchewan	Saskatchewan Telephone System	Provincial
Alberta	Alberta Telephone System	Provincial
British Columbia	B.C. Telephone Company	Federal
Yukon and Northwest Territories	Canadian National Telecommunications	Federal

2. The answer to this question would require the provision of many hundreds of telephone tariffs, the total volume of which would be very substantial. For example, the general tariff of The Bell Telephone Company of Canada is a loose leaf publication of some 200 pages and, in addition, there are several hundred other tariffs. Most tariff publications are issued by companies under provincial jurisdiction and thus are not on file with the board. Tariffs on file with the board may be inspected at the board's offices.

3. So far as companies subject to the jurisdiction of the Board of Transport Commissioners are concerned, such companies are free under the provisions of the governing statutes to initiate new rates, or to change existing rates, upon statutory notice, (three days for decreases and 30 days for increases) and such rates are subject to the approval of the board. Such rates must be reasonable and free from unjust discrimination or undue preference, and not otherwise contrary to the provisions of the statutes. The board has power to prescribe rates when it is determined that any particular rates are contrary to the provisions of the statutes. The philosophy of rate making used by The Bell Telephone Company of Canada is described in the board's judgment of November 15, 1950, (40 board's judgments, orders, regulations and rulings No. 17A) on pages 37 and following.

C.B.C. FARM NEWS DEPARTMENT

Question No. 2,373—**Mr. Schreyer:**

1. Is the Canadian Broadcasting Corporation's farm news department about to be changed?

2. If so (a) is this action being taken as a result of a very significant number of suggestions or complaints to the effect that the existing programming or format is unsatisfactory or inadequate (b) what is the nature of the proposed changes?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Canadian Broadcasting Corporation that no significant program or policy changes are being contemplated in the farm broadcasts department at this time and that there have been no complaints. However, the C.B.C. intends to review the organization of this department in Toronto in the near future as is done periodically with various departments.

[*Translation*]

WHARF REPAIRS, PORTNEUF COUNTY, QUE.

Question No. 2,390—**Mr. Godin:**

What was the cost of the repairs carried out in 1965 to the wharf at Lac-aux-Sables, Portneuf county, Quebec?

Hon. G. J. McIlraith (Minister of Public Works): $3,888.00.

[*English*]

CONSTRUCTION OF REPLICA OF "PELICAN"

Question No. 2,422—**Mr. Keays:**

Has any agency of the government authorized the construction of a replica of the *Pelican* and, if so (a) who has undertaken the construction of this ship and at what cost or price (b) what program has the government planned for this ship?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): No.

Inquiries of the Ministry

QUESTIONS PASSED AS ORDERS FOR RETURNS

INQUIRIES RESPECTING NORTHERN TERRITORIES

Question No. 1,968—**Mr. Laprise:**

1. How many federal officials are posted in (a) Fort Smith (b) Inuvik?

2. How many (a) Indians (b) Eskimos are employed by the federal government in Fort Smith and in Inuvik?

3. How many (a) doctors (b) nurses are there in the Northwest Territories and the Yukon Territory?

4. Are any steps being taken to curb alcoholism among Indians and Eskimos in (a) the Northwest Territories (b) the Yukon Territory?

5. If so, what are they?

Return tabled.

APPOINTMENT OF RETURNING OFFICERS

Question No. 2,126—**Mr. McCleave:**

1. What returning officers have been appointed for the next general election by name and riding?

2. Who of the above (indicate by an asterisk) previously held such positions?

3. What are the qualifications used in making such appointments?

Return tabled.

EXPORT CREDITS IN 1964-65 CROP YEAR

Question No. 2,318—**Mr. Schreyer:**

1. To which exporting companies did the Export Credits Insurance Corporation extend coverage in the 1964-65 crop year and what was the total amount provided for in each case?

2. Of the above amounts, what proportion of coverage was extended relative to grain exports?

Return tabled.

CANADIAN BROADCASTING CORPORATION

PROPOSED APPEARANCE OF GERMAN NATIONAL ON "SUNDAY" PROGRAM

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to ask the Secretary of State whether she is in a position to state that she has been in touch with the C.B.C. regarding the prospective visit to Canada of Mr. von Thadden. Has her attention been drawn to the arrogant statement made by Mr. Duke to the effect that regardless of public opinion this man will be heard, and that a C.B.C. team will be going abroad to interview him?

[Mr. Laing.]

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I undertook in the house to convey to Mr. Ouimet the representations which have been made to me of both opinions, one that free speech is paramount and the second the objection of certain groups and the objections which have been made in the house to Mr. von Thadden's appearance. I have done so.

The president told me he had already taken a decision, which was buttressed by the representations which I passed on to him respecting violence, to cancel plans to bring Mr. von Thadden to this country. I heard subsequently an announcement read over the radio which indicated that plans would probably be carried through to interview him in Germany. I have not had any further conversations with Mr. Ouimet since that time.

The right hon. gentleman will realize that there seems to be a very strong element of public opinion against such an interview being held. There is as well, as has been reflected in telephone calls and mail which I have received, a strong element of public opinion that it is the mandate of the C.B.C. to provide a forum in which the people of Canada may see and hear those individuals who are active in current public affairs. I have not had any further communication with the president of the C.B.C., as I consider this now to be an internal matter.

Mr. Diefenbaker: Mr. Speaker, did the minister—I am sure she did—bring to the attention of Mr. Duke and some of these other ducal Caesars, these petty Caesars in the C.B.C., that this is not a case of freedom of speech; this is deliberately flouting public opinion by having a neo-nazi tell Canadians why that particular philosophy should be acceptable to them?

Miss LaMarsh: I am informed that Mr. von Thadden appeared for a full 30 minutes on the program "The Public Eye" on November 22 last on the subject of right wing resurgence in West Germany. This program included an interview done in Germany with Mr. von Thadden by Charles Wasserman, a veteran broadcaster and acknowledged authority on German politics. There was no adverse reaction to that appearance made a couple of months ago.

Mr. Diefenbaker: The minister mentioned that there are some who are desirous of having this philosophy elucidated for their benefit, and she mentioned that there were arguments on both sides of this question. How

many communications has the minister received in favour of having this person brought over here or our moneys expended in sending a team to Germany?

Miss LaMarsh: Mr. Speaker, usually I do not tote them up. I am sure the right hon. gentleman will understand that one does this by weighing the opinions of individuals. I am sure there is one group in which the right hon. gentleman is interested. I am informed that there was an editorial in this morning's *Globe and Mail* which is directly opposed to what he is now suggesting. The representations which I have received have been oral, in writing and by telephone on both sides of the question.

This is an extremely difficult point, since I suspect there is no one in Canada who has the slightest sympathy with nazi feelings either at present or for what they have done in the past. But there is the principle of respecting the right of the Canadian people to know what is current in the world and to be alerted to such changes as may occur, which is perhaps of overriding importance.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question, Mr. Speaker. Many of us feel that all points of view should be expressed on the Canadian Broadcasting Corporation, whether we agree with those points of view or not, provided that those who hold opposing views are given an opportunity to express them. In view of this fact I would like to ask the minister whether she would consider making representations to the president of the C.B.C. asking if some responsible public man in Germany, and there are many, who opposes the views of the neo-nazi party could also be interviewed at the same time, so the Canadian people would have an opportunity of hearing the two points of view from Germany in this connection and not just the point of view of a small minority who hold the particular view represented by Herr von Thadden.

Miss LaMarsh: When interviewing representatives of the survivors of nazi prisoners of war on Friday I was informed by their spokesman that they had already been in communication with, I believe, the producers of the program, who had satisfied them that it would not be a one sided representation but that both sides would be presented. Their point was that they did not feel it would be in any way a slanted or one sided program.

Mr. Douglas: A supplementary question, Mr. Speaker. Some person in Canada presenting a point of view of the Canadian people would, of course, be excellent; but may I ask the minister whether she does not think that some of the public men in Germany who oppose the neo-nazi party, the National Democratic Party, and who hold strong views on this matter ought to be given the opportunity to present their views so the people of Canada will not have a slanted view with respect to Germany and the political feelings of the German people.

Miss LaMarsh: I suppose it would be much the same position if my hon. friend were interviewed on German television. I might be put in the position of having to give my views on the things he said.

Mr. Douglas: There are a few people who would benefit from that.

Miss LaMarsh: However, Mr. Speaker, I will be happy to pass on this suggestion to the C.B.C.

Hon. Michael Starr (Ontario): Mr. Speaker, I would ask the minister if she has elicited from the C.B.C. whether they have any plans to interview people in any other country with regard to their political philosophy.

Mr. Diefenbaker: What about Rhodesia?

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to put a supplementary question to the Secretary of State.

The Secretary of State informs us that both sides of the question will be presented on the C.B.C., that is to say the nazi viewpoint and doubtless the anti-nazi side. Why is it, then, since there are all types of opinions in Canada, that the C.B.C., particularly in Quebec, allows only one group to be heard repeatedly on the airwaves? I am talking of certain separatists, such as Pierre Bourgault, for instance, whom we see every week on television—revolutionary elements. We have no need of people from Germany. And I should like to know from the minister whether steps are being taken so that the C.B.C. may be more fair, more impartial, and so that they may invite representatives of different viewpoints to be heard on the air, in Canada.

[*English*]

Some hon. Members: Hear, hear.

Inquiries of the Ministry

Miss LaMarsh: I would like to say to the hon. gentleman that I will accept any invitation from Radio Canada to appear.

EXTERNAL AFFAIRS

VIET NAM—PEACE EFFORTS OF INTERNATIONAL CONTROL COMMISSION

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Secretary of State for External Affairs. It concerns Viet Nam and the efforts of Canada and India, as joint members of the international control commission, toward some kind of a peace approach, and the report that this has been vetoed by Poland, the third member of the I.C.C. Does the minister have any statement to make to the house on this situation?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I take it that my hon. friend has reference to the story of David Van Praagh in the *Globe and Mail* this morning from New Delhi. The story from New Delhi is substantially accurate, but the word "veto" I think is inappropriate in the circumstances. These matters have been under discussion for some time among India, Poland and Canada.

While there are reservations in some quarters as to the timing of any joint commission initiatives, it is the intention of the Canadian government to continue to explore possibilities in this regard with our commission partners, and in fact we are doing so at the present time.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. Could the Secretary of State for External Affairs tell the house the terms and conditions upon which Canada proposed initiating this peace move? What were the terms and conditions which Poland rejected, if they did reject the proposal advanced by Canada?

Mr. Martin (Essex East): I do not think it is desirable to outline at this stage the terms and conditions which the Canadian government, or for that matter the Indian government or the Polish government, seek to have established before such a joint initiative could take place. The fact is that for some months now the three countries have been in consultation with one another on this question.

All are agreed that in the right circumstances there may be a role for the commission in trying to bring about preliminary negotiations. However one country, in spite of its good intentions and the collaboration it has given in this matter, does not feel that the appropriate time for such action is at the moment. Nevertheless, as I said a moment ago, we are continuing our discussions in hope of being able to reach some agreement in a matter of such vital importance.

Mr. Douglas: On a supplementary question, may I ask the minister whether the only difference of opinion related to the matter of the time element, or was it with respect to the terms and conditions?

Mr. Martin (Essex East): The difference concerned largely the time element.

ITALY—EXPENDITURE OF ALLOCATION FOR FLOOD RELIEF

On the orders of the day:

Hon. D. S. Harkness (Calgary North): I have a question for the Secretary of State for External Affairs. Is it correct that a major portion of the half a million dollars allocated for flood relief in Italy is being sent to that country in the form of live cattle? If so, is the minister selecting and purchasing this cattle? If not, to whom has he delegated this responsibility?

Hon. Paul Martin (Secretary of State for External Affairs): This is as generous a tribute as I have ever received on an agricultural matter, and I thank the former minister of agriculture for recognizing a talent which he had not accepted at the time I was sitting in almost the same seat he is now occupying.

Mr. Harkness: I hope the minister will now answer the question.

Mr. Martin (Essex East): As my hon. friend knows, the government set aside the sum of $500,000 to be expended for the people of Italy because of the damage suffered as a result of recent storms, particularly in the Florence area. An interdepartmental committee has been advising the external aid office and it has been decided to use $400,000 of this sum for the purpose of purchasing cattle. It has not yet been decided how the remaining $100,000 will be spent.

Mr. Harkness: The minister has not yet said—in view of the fact, as I understand it, that he has not had the time to use his expert judgment in selecting these animals himself —to whom he has delegated this job.

Mr. Martin (Essex East): As I said, there is an interdepartmental committee on which the Department of Agriculture is represented, of course, and the minister has exercised a supervisory control over the matter.

FINANCE

LETTER TO MINISTER FROM NATIONAL CITY BANK

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): My question is addressed to the Minister of Finance. In view of current rumours in Ottawa last week that the First National City Bank of New York wrote a letter to the minister of finance, who was then Hon. Mr. Gordon, one month before the confrontation of Mr. Gordon with Mr. Rockefeller and Mr. McFadden, would the Minister of Finance inform the house whether such a letter was received. If so, would it be possible to table the letter before the Mercantile Bank officials present their case to the banking committee?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I am a little puzzled by this question and I would like to take notice of it. I would like to read it very carefully, since I am not aware of any such correspondence but would hesitate to deny its existence.

Mr. Diefenbaker: Read Mr. Gordon's book.

Mr. Hamilton: I wonder whether I could help the present Minister of Finance find this letter. I understand it was mentioned in the book published last year by the ex-minister of finance.

Mr. Speaker: I wonder if the hon. member would not be satisfied with the minister's answer, which was that he wishes to take the question as notice.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to direct a supplementary question to the hon. Minister of Finance with respect to the Mercantile Bank of Canada.

Could the hon. minister tell us if he has received other representations from American banks, the Chase and Manhattan Bank in particular, headed by another member of the Rockefeller family?

[*English*]

Mr. Sharp: No, Mr. Speaker, I have had representations about the Mercantile Bank from a great many people, some orally and some in writing. I will have to take this question as notice.

TRANSPORT

ST. LAWRENCE SEAWAY—INQUIRY AS TO INCREASED TOLLS

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I should like to address a question to the Minister of Transport. Could the minister advise the house whether discussions dealing with the possible increase of the St. Lawrence seaway tolls are still proceeding; and have any conclusions been reached in these discussions?

Hon. J. W. Pickersgill (Minister of Transport): As I told the house the other day, discussions are proceeding with the United States authorities but they have reached no conclusion.

Mr. Hees: I have a supplementary question, Mr. Speaker. Will the minister assure the house that this matter will be thoroughly discussed in parliament before any decisions are taken?

Mr. Pickersgill: I think I indicated a month ago that the normal constitutional course will be taken in this matter.

SPORTS

SKIING—SHORTAGE OF FUNDS FOR NATIONAL TEAM

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the charming parliamentary secretary to the Minister of National Health and Welfare. My question is based on the very unexpected and distressing news that the national ski team of Canada is running out of funds and will have to return to Canada before the international ski competitions in Europe have been completed. I think this would be a tragedy, and I should also like to point out that Nancy Greene comes from Rossland, where the Minister without Portfolio (Mr. Turner) was born.

Since this has become known I have received telegrams from various places. One of them, coming, to me from Nova Scotia, sends $100 in aid of the ski team. I have also received telephone calls offering $500.

Mr. Speaker: Order, please. The hon. member should ask his question.

Mr. Herridge: I have just come to that point. I have received telephone calls from five people, each of whom is offering $100. I

should like to ask the parliamentary secretary whether, in view of the fact that Nancy Greene is one of Canada's great ambassadors, the necessary funds could be provided from the physical fitness and amateur sports fund for the purpose of maintaining the ski team in Europe. Failing that, I should like to suggest to the members of parliament that we should immediately go to a local bank and arrange for a loan so we can send funds overseas, and then have this sum taken as a payroll deduction from members' indemnities if necessary at the end of the month.

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, I wonder whether I could suggest that the minister inquire whether the hon. member who has just spoken would be willing to underwrite this whole operation, inasmuch as the team is from his riding.

Mr. Herridge: I am willing to put up my $100. I would like to hear an answer from the parliamentary secretary to the Minister of National Health and Welfare.

[*Later:*]

Mr. Herridge: Mr. Speaker, may I ask a question which is supplementary to the previous question I asked the parliamentary secretary. Is the government interested in keeping the national ski team over in Europe to finish these competitions.

Mrs. Margaret Rideout (Parliamentary Secretary to Minister of National Health and Welfare): May I bring this question to the attention of the minister, Mr. Speaker.

HOUSING

MEETINGS OF STUDY GROUPS RESPECTING SHORTAGE

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is based on the announcement by the Minister of Labour to the effect that study groups are being set up across the country to examine the housing shortage. Will the Minister of Labour assure the house today that these study groups will not take the place of immediate action which is required to alleviate the present situation?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, if the action taken in arranging for the mayors and other heads of different municipalities, lending institutions and house building firms to meet and discuss housing matters jointly with the federal and provincial governments can be considered as study groups, then my answer to the hon. member's question would be yes, such meetings are to be held. These meetings are taking place not only for the purpose of reporting progress on what has happened during the last two years, but for getting the advice and the suggestions of all people concerned as to how house building may be stimulated. In the meantime the government has the matter constantly in mind, and I am hopeful that within the next three or four weeks a further announcement will be made.

Mr. Grafftey: A supplementary question, Mr. Speaker. Because of the present crisis situation have these study groups been given a date by which they must report their findings so that action can be taken forthwith?

Mr. Nicholson: I do not really consider these conferences to be study groups. I thought I had explained that they are conferences or symposia.

Mr. Grafftey: Whether they are conferences, symposiums or study groups—

Mr. Speaker: Order please. The hon. member received an answer from the minister. I suggest we should proceed to another question.

NATIONAL DEFENCE

QUALIFICATIONS FOR ADVANCEMENT IN ARMED FORCES

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I have a question for the Minister of National Defence. In order to assist the minister in the solution of problems which he has created in national defence, what information may we give to ambitious officers in the services in order that they may "develop or increase their tri-service potential"? This phrase occurs in the departmental order. Is support for unification the main qualification?

Mr. Speaker: Order. I am sure the hon. member will recognize that the question in the form it is now put is argumentative, and I do not think it is acceptable.

Mr. Churchill: Mr. Speaker, I was asking for information that I thought the minister could give. If he cannot answer that question may I ask the minister this one. What is the unified force to which he refers in the order that has gone out to the services?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I think the hon. gentleman's question is based on a wire story by the Canadian Press. On reading this wire story I checked it out with the defence staff and I was informed that the charge is not correct. The writer took excerpts from two separate documents and put them together to reach a false conclusion. At no time is an assessing officer asked to indicate the attitude of the person being assessed toward integration or unification.

Mr. Donald MacInnis (Cape Breton South): A supplementary question to the Minister of National Defence. Is the minister now prepared to answer the question I put to him in December with reference to the qualifications for advancement in the armed services?

Mr. Hellyer: Mr. Speaker, I cannot at this particular moment recall the question, but I would be glad to look through my files and see whether I can find it.

Mr. Churchill: Mr. Speaker, I have a supplementary question. The minister did not answer my question and may I repeat it. What is the unified force referred to in the order that went out from his department?

Mr. Speaker: Order, please. I do not think the question is in order.

Mr. Churchill: Is there a unified force in existence in Canada now about which we have not been informed? That is what I am asking the minister.

Mr. Hellyer: This is the force as a whole, Mr. Speaker, and there is a considerable amount of unified thinking in it at the present time. This has developed logically from the policies which have been evolved over the last two and a half years, and I hope that ultimately my hon. friend will be able to see the merit in them and give this particular concept his full and unqualified support.

Mr. MacInnis (Cape Breton South): A further supplementary question, Mr. Speaker. I should now like to repeat the question that I put to the minister some time ago to which he has difficulty in finding an answer. May I ask the minister whether prior to proceeding overseas servicemen were interviewed at Camp Gagetown and told that promotions were available providing that they met certain qualifications? Can the minister answer that? If he is an intelligent individual he should be able to.

Inquiries of the Ministry

NORTHERN AFFAIRS

APPEARANCE BEFORE COMMITTEE OF RETIRING COMMISSIONER

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Minister of Indian Affairs and Northern Development. In view of the fact that the commissioner of the Northwest Territories, Mr. Sivertz, is retiring today following a distinguished public career, particularly in service to northern Canadians, would the minister extend an invitation to Mr. Sivertz to appear before the parliamentary committee so that members might have the advantage and benefit of his knowledge and viewpoint which have proven so popular in the north?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I would think that is the responsibility of the committee; thereafter it would be a matter for Mr. Sivertz or any other Canadian who wished to appear. I would think he would appear, though I do not know what are his plans. He tells me he is taking an extended holiday.

FARM MACHINERY

REQUEST FOR MORATORIUM ON PRICE INCREASES

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, my question is directed to the Minister of Agriculture. In view of the fact that a commission is investigating farm machinery prices, would the minister consider imposing a moratorium on these prices since they are going up all the time and the farmers will not be in a position to buy any more of this machinery?

Hon. J. J. Greene (Minister of Agriculture): Mr. Speaker, I do not think we should delude the agricultural community by indicating that we have any constitutional authority—authority known to myself, at any rate—to freeze prices. I have interviewed various officials from the major farm machinery companies, and I hope I will have some information available shortly in this regard.

Mr. Rapp: A supplementary question. Would the government not have authority to stop the rise in farm machinery prices until the commission is able to present its report?

Hon. Michael Starr (Ontario): A supplementary question to the Minister of Finance. In

view of the fact that the minister was successful on one occasion in holding prices in the steel industry, could he not intervene in the same way and under the same authority and ask the farm implement manufacturers to hold their prices in order to help the farmers?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I understand that the Minister of Agriculture has been discussing this matter with the farm implements companies, and I have the utmost confidence in my colleague.

[*Later:*]

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is for the Minister of Agriculture. More than six weeks ago the minister said he would consider the advisability of tabling copies of correspondence between himself and the farm machinery companies relating to recent price increases. Has the minister had enough time to make that decision?

Mr. Greene: Mr. Speaker, I saw the last of the presidents of the various companies recently, and the matter is still under consideration.

EXTERNAL AFFAIRS

THE BAHAMAS—SUGGESTED CLOSER ASSOCIATION WITH CANADA

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. In view of the statement by the premier designate of the Bahamas, Mr. Lynden Pindling, that that country would be interested in becoming more directly associated with the United Kingdom, the United States or Canada, will the government reciprocate this interest by discussing this question with representatives of the new government of the Bahamas?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the Bahamas were represented at the Caribbean commonwealth conference which was held here last July. That conference decided on certain courses of assistance, which the Canadian government proposed, to endeavour to give help to the Caribbean countries. This covered external aid, assistance in transport and in education, etc. A meeting is to take place in Saint Lucia at the end of the month on certain aspects of the conclusions which were reached then. However, this meeting will not of course deal with the political implications which are involved in the question put by my hon. friend.

[Mr. Starr.]

[*Translation*]

TRADE

SHOES—EFFECT OF IMPORTS FROM ASIATIC AND COMMUNIST COUNTRIES

On the orders of the day:

Mr. Roland Godin (Portneuf): Mr. Speaker, I have a question for the hon. Minister of Trade and Commerce.

Is the minister aware of the difficult situation in which the Canadian shoe manufacturers now find themselves due to excessive importation of these products from Asian and communist countries?

If so, will the hon. minister inform the house as to the steps he intends to take in this regard; also, will our representatives in Geneva be advised in time to avoid a catastrophe in this industry?

[*English*]

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, this matter has been brought to my attention before and it is under consideration. It is a fact that imports of shoes have increased, but domestic production has substantially increased too. This is a matter of world competition and we are considering the position of Canadian industry as well as we can, having regard to all the circumstances.

GRAIN

FLAX—REQUEST FOR OPEN QUOTA

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to direct a question to the Minister of Trade and Commerce. Is it the intention of the Canadian Wheat Board, or would the minister ask the Canadian Wheat Board to give favourable consideration to making a declaration that there shall be an open quota on flax, as was the case at about the same time last year?

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I will be glad to discuss this matter with the wheat board and give a reply at an early date.

CANADIAN BROADCASTING CORPORATION

REPORT ON CULTURE IN CORPORATION AND FILM BOARD

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to ask

the Prime Minister whether the Gordon Sheppard report on culture vis-à-vis the Canadian Broadcasting Corporation and the film board has been examined at cabinet level and whether the report will be made available to parliament. May I also ask the Prime Minister whether *Sept Jours* magazine is correct in stating that this report says there are permanent employees of the C.B.C. for whom the corporation has not enough production work to keep them busy, and that they continue to be paid for doing nothing.

Under all these circumstances, and in view of the fact that this report was received some months ago, would the Prime Minister table the report, 200 copies of which were produced for the government?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this report has been considered on the ministerial level. It is the report of an official to his minister and normally such reports are privileged and not made public. I should be glad to look into the situation to see if there are circumstances to justify an exception in this case.

FINANCE

LEGISLATION RESPECTING DISCLOSURE OF CREDIT COST

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Minister of Finance. I presume he has had drawn to his attention certain legislation, now proclaimed, of the province of Nova Scotia calling for the disclosure of the cost of credit. Does he know that the chartered banks have refused to register under this act on the grounds that it is ultra vires, beyond the jurisdiction of the province. Further, has the minister considered introducing similar legislation within the federal jurisdiction?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, as the house is aware, when I introduced the Bank Act I said on second reading, that that was my intention. I notified the minister from Nova Scotia of this when we met to discuss consumer credit in Ottawa some weeks ago. The government of the province of Nova Scotia is aware of the intention of this government and parliament to require the banks to reveal the true cost of their consumer loans.

HOUSE OF COMMONS

REPORTED SPEECH BY HEALTH MINISTER RESPECTING REVIEW OF PROCEDURES

On the orders of the day:

Hon. George Hees (Northumberland): Mr. Speaker, I would ask the Prime Minister whether the Minister of National Health and Welfare spoke for the government when he said in Halifax, as reported by the Canadian Press, that a centennial project for the government could be a general overhaul of parliament to salvage parliament's slipping image. If that is so, when may we expect the salvage operation to begin and of what might it consist?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not think the report I read referred to the overhaul of parliament. Naturally I should wish to discuss a statement of this importance with the minister when he returns. But there is no secret of the desire of the government, and I think of all members of the house, to improve the practices, procedures, rules and regulations of the House of Commons.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: The government should overhaul itself.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. In view of the modest changes which have already been made in the rules, changes which will expire unless action is taken by the government before the end of the session, how soon is it intended to introduce legislation setting up a committee to look into the present changes? Also, does the Prime Minister propose setting up a committee in the next session to recommend further changes in the procedures of the house?

Mr. Pearson: Mr. Speaker, I would hope that an all party committee for the purposes spoken of could be set up shortly. Pending receipt of a report from that committee I would hope also that the house would agree to the extension of the existing changes for another session.

CANADA LABOUR CODE

APPLICATIONS FOR DEFERMENT RESPECTING RAILWAY WORKERS

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to direct a question to the Minister of

Labour. Can he advise the house whether all applications for deferment, particularly in the field of railway yard and freight workers, have been dealt with under the Canada Labour (Standards) Code hours of work section?

Hon. J. R. Nicholson (Minister of Labour): May I take that question as notice, Mr. Speaker?

NATIONAL DEFENCE

REPORTED EXPERIMENTS WITH PACKAGED MEALS

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, my question is for the Minister of National Defence. Is the Department of National Defence experimenting with the idea of providing rations to personnel by such means as t.v. dinners or other similarly packaged meals?

Mr. Speaker: Order, please. I do not think that question should be asked at this time.

Mr. MacInnis (Cape Breton South): On a point of order, Mr. Speaker, it is clear that the Minister of National Defence had an answer which he was apparently ready to give. Since the army used to travel on its stomach and sabotage has been going on since the minister took over, it is time we got an answer.

Mr. Speaker: That is hardly a point of order.

CANADIAN CENTENNIAL

REPORT OF YOUTH COUNCIL ON PROPOSED YOUTH SEMINAR

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Secretary of State. On November 18 last the minister informed the house that recommendations by the Canadian political youth council with respect to a youth seminar in centennial year had been accepted in principle by the centennial commission. Has the minister received official recommendations from the commission? If so, when will members of the house be informed of them?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, such a proposal from the commission was received by the government some weeks ago. After careful consideration the government decided that it would not be possible to support such a plan or proposal of the youth council. Before this decision was announced I was asked by a representative of the council to withhold any announcement to this effect until they had submitted an alternative proposal. That communication took place shortly before Christmas and I have not yet received any detail of this alternative plan. I believe I was told I could expect it last Friday. As of today there is no proposal the government can support from any such council.

Mr. J. M. Forrestall (Halifax): A supplementary question, Mr. Speaker. Apart from any alternative proposal from the Canadian political youth council, may I ask whether the government is doing anything on its own to foster or develop the idea of a political seminar or political youth parliament?

Miss LaMarsh: Time is so short now, Mr. Speaker. It was considered that this had to be done through an agency already established, with certain lines of communication, for it to have any hope of being effective. It was hoped that the youth council would have a proposal which would be acceptable. So far that has not come forward.

Mr. Speaker: Do I understand the hon. member has a further supplementary question?

Mr. Forrestall: A further supplementary question, Mr. Speaker. Does the minister or the government feel that there is any merit in reconvening the ad hoc committee for the purpose of resolving this matter, because of the lateness of the time?

Miss LaMarsh: I would be very happy to do that.

IMMIGRATION

ENTRY OF BOYS TO ATTEND SEMINARY AT ST. JOVITE, QUE.

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Solicitor General. On Friday last I asked the Minister of Manpower and Immigration about the situation at a seminary or monastery at St. Jovite. The events over the week end have been extremely revealing. May I ask the Solicitor General whether members of the Royal Canadian Mounted Police are investigating this situation to try to find the boys who are lost or have been hidden?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I am not aware that any members of the Royal Canadian Mounted Police are engaged in the operation referred to in the question by the hon. member. From my reading of

the papers this seems to be a matter for the provincial authorities rather than the Royal Canadian Mounted Police.

Mr. Howard: As the Minister of Manpower and Immigration is involved, some of the young lads having come to Canada by courtesy of the Department of Manpower and Immigration, does the minister not think that the federal authority should be interested in what has happened?

Mr. Speaker: Order, please. This is an argument, not a question.

INDUSTRY

ASSISTANCE TO LAID-OFF AUTOMOBILE WORKERS

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I wish to address a question to the Minister of Industry. Inasmuch as approximately 23,000 auto workers have been laid off owing to present and proposed shut-downs in the Canadian car manufacturing and associated industries, what plans has the minister or the government for the return to work of these people.

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, the lay-offs which have occurred in the automobile industry in Canada and in the United States result from a decline in the total demand for automobiles. It is hoped that the demand will rise again and that those currently laid off will be re-employed.

Mr. Hales: In view of the fact that a year ago this January Canada imported approximately $115 million worth of cars, trucks and parts, is the government proposing to take any steps to curtail these imports at a time when our own men stand idly by?

Mr. Drury: Bearing in mind that the ratio of exports to imports has improved materially over the past two years I do not think the hon. member's suggestion is really warranted.

Hon. Michael Starr (Ontario): In view of what the minister has said about the decline in sales, could the hon. gentleman find out why it is that some people have to wait seven or eight weeks for delivery of cars? Is it because the manufacture of some of the popular makes has now been transferred to the United States?

Mr. Drury: I do not think that is the reason.

Mr. Starr: Would the minister find out?

Mr. Drury: If the hon. member would cite me an instance I would be glad to have it looked into.

Mr. Starr: There are hundreds.

Mr. Eric A. Winkler (Grey-Bruce): Can the minister tell us how many models previously made in Canada are now being produced only in the United States?

Mr. Speaker: Order. This is obviously a question requiring statistical information and it should not be asked now.

Mr. Heward Grafftey (Brome-Missisquoi): Would the minister suggest to the industry, in the light of the mail which hon. members have been receiving, that the buying public is waiting for safer cars before making purchases?

Mr. Speaker: Order.

Mr. Grafftey: I think this is a very valid question, Mr. Speaker.

Mr. Speaker: I am sure the minister has noted the question.

Mr. Grafftey: Could he answer it then and tell us whether he has made representations to the industry suggesting that the buying public in North America are waiting for safer cars, and that this is why they are not buying cars today?

Mr. Speaker: I do not want to be too difficult. I will not argue with the hon. member. I will allow the minister to answer the question.

Mr. Drury: No, I have not made such representations to the manufacturing industry.

SPORTS

REQUEST FOR TELEVISION COVERAGE OF WORLD HOCKEY TOURNAMENT

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a question for the Prime Minister of which I have sent him notice. In order to soothe the injured feelings of the publisher of the Campbell River *Courier* and renew the faith he has in the Prime Minister as a hockey fan, will the right hon. gentleman take steps to ensure that the Canadian Broadcasting Corporation will give coverage to the forthcoming world hockey tournament including, if necessary, the making available of sufficient funds to the corporation to enable this to be done?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have not had an opportunity to look into the hon. member's question which I received shortly before coming into the house. I understand, however, that this tournament is taking place not under Canadian but under international auspices, and that it is the organizers who would be responsible for the allocation of broadcasting and television rights. I am informed that these rights for Canada have been allocated to C.T.V., in what manner I am not sure. I will be glad to look into the matter.

SUGGESTED ESTABLISHMENT OF LACROSSE AS NATIONAL GAME

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, my question is also directed to the Prime Minister and it also relates to fitness and sport. I am sure that you, Mr. Speaker, as the representative of that great lacrosse city of Cornwall, will be interested. I want to know whether the government will bring in a bill during this centennial year to establish lacrosse officially as Canada's national game, thus correcting an apparent oversight by the Fathers of Confederation?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think we should have a national summer game and a national winter game.

[*Translation*]

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should like to direct a question to the hon. Secretary of State.

Since Mr. Yvon Groulx, former Conservative candidate, is against confederation, since Mr. Jean-Noël Tremblay, former Conservative member of parliament is against confederation, since Mr. Maurice Allard, former member of parliament—

Mr. Speaker: Order. Would the hon. member formulate his question?

Mr. Choquette: Mr. Speaker, I only wanted to prove that French Canadians who are members of the Conservative party are extremists.

Mr. Speaker, my question is the following: Does the Secretary of State consider publishing a realistic and objective study, in order to prove that confederation was profitable to all provinces of Canada including Quebec?

[Mr. Barnett.]

Mr. Gilles Grégoire (Lapointe): A supplementary question to the hon. Secretary of State, Mr. Speaker.

In order that the study may be realistic and impartial, could the hon. Secretary of State conduct that study, without being asked in advance to prove such a thing, but to demonstrate only the realism of confederation?

[*English*]

On the orders of the day:

Mr. Frank Howard (Skeena): Before the orders of the day are called, might I direct a question to the Minister of Transport. Would he get in touch with Canadian National Railways to establish whether that company's advertising and public relations arrangements are not somewhat premature? I make specific reference to a sign in the company's Sparks street office which wishes people a merry Christmas.

Mr. Speaker: Perhaps this is one question today that I may be allowed to say is not urgent.

NATIONAL CAPITAL

INQUIRY AS TO ESTABLISHMENT OF PARLIAMENTARY COMMITTEE

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I should like to ask the Minister of Public Works. Can the minister indicate if and when he intends to move the establishment of a parliamentary committee on the national capital?

Hon. G. J. McIlraith (Minister of Public Works): Mr. Speaker, I would anticipate that a proposal to set up such a committee would be made during the next session. I do not think it is realistic to expect such a committee to do the volume of work which will be required of it in the course of the present session.

SHIPPING

REQUEST FOR INVESTIGATION INTO TUG SINKINGS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would ask the Minister of Transport whether he has received a communication from Robert Cook, national president of the Canadian Merchant Service Guild, drawing his attention to the sinking of the tug M. V. *Gulf Master* on January 11 with the apparent loss of five

lives, this being the third tug of steel construction which has sunk during the last two months, involving loss of life, and the seventh or eighth in the last three years. Has consideration been given to holding an immediate public inquiry into the design, construction, manning and general seaworthiness of similar vessels inasmuch as this organization is naturally alarmed at the situation?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I have received such a telegram and, as I pointed out in reply to a question asked, I believe by the hon. member for Vancouver East on the last sitting day, an immediate investigation into this matter was undertaken by my department and as soon as a report on that investigation has been made a decision will be reached as to whether a public inquiry should be held.

ADMINISTRATION OF JUSTICE

BRITISH COLUMBIA—REQUEST FOR CLEMENCY FOR JAILED UNION LEADERS

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I direct my question to the Solicitor General. In view of the minister's statement last week that the case involving Paddy Neal and Tom Clark is under active consideration, is he now in a position to inform the house if and when these Vancouver trade unionists, who incidentally are constituents of mine, will be released from jail?

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I have asked that the file be brought forward to a date early in February for further consideration.

Mrs. MacInnis (Vancouver-Kingsway): Can such a statment be made before their prison term is up?

CANADIAN CONSTITUTION

INTERDEPARTMENTAL COMMITTEE ON METHODS OF REVISION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Can he tell the house whether his parliamentary secretary, the hon. member for Mount Royal, is chairing a committee on ways and means of revising the constitution of Canada and, if so, what is the composition of that committee?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this is an interdepartmental committee at an official level and my hon. friend the member for Mount Royal is participating in it as an expert adviser.

• (3:50 p.m.)

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Friday, January 13, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: When the committee rose on January 13, 1967, new section 314D of clause 42 was under discussion. It is to be found on page 29 of the bill.

On clause 42.

Mr. Hamilton: Mr. Chairman, when the committee rose on Friday I was urging the minister to give serious consideration to accepting an amendment to new section 314D. The remarks I made on Friday were along the line that we should not repeat the mistakes of previous legislation but should give the Canadian Transport Commission the power to direct.

I asked the minister why he had used the words "may recommend" in the new section in view of the representations which I had made earlier in the debate on second reading and on at least one occasion in the standing committee. His answer seemed to be that the board and the minister should not interfere with private enterprise, and I think he was referring to the Canadian Pacific Railway. His answer to my mind was not sufficient reason, and it aroused me to such a degree that even though I had made up my mind just to ask him to consider an amendment, relying on his good will in an effort to try to produce a good bill, I have in the interim, with the approval of the official opposition caucus committee, prepared an amendment which I hope the minister will accept.

Before I move the amendment I am going to give the minister a copy of it so that he can follow me more precisely as I speak. The words in my amendment are not as strong as I would like them to be. I would like to see the new section read "shall direct", without any "may" in it at all, but I recognize that this might defeat the very purpose for which I am battling. If you tell a board that they shall

direct then, the human nature of board members being what it is, they would tend not to make any directions at all. Therefore in my amendment I am proposing in effect that the words "may recommend" be left in the new section and that additional words be added so as to give the new super board some feeling of the desire of this committee that they may, if they wish, make a direction.

The second reason why I have softened down my amendment from what I originally wanted is that I recognize there are consequential effects to using the word "shall," one of them being that it would affect the ways and means of the public treasury. If I used the words "shall direct" I could run into a situation where the Chair would have to rule my amendment out of order on good and legitimate grounds. Therefore I have worded my amendment in such a way as to achieve the most of what we on this side of the chamber would like to see in the new section without interfering in any way, so far as I can see, with the balance of ways and means of the public treasury, and in the hope of securing its acceptance by the minister, without that acceptance infringing upon the arguments he put forward even though his arguments, in the words of one of my colleagues, were specious. If I could get the minister's favourable consideration for this amendment we would feel that he would have gone quite a bit of the way toward meeting the ideas of the opposition without in any way tying his own hands or the hands of the commission.

My amendment is that in the second line of new section 314D (1) there be added after the phrase "may recommend" the words "or direct as it sees fit". I have copies of the amendment in French if anyone wishes them. I have talked about my amendment at some length in order to give the minister a chance to read it over before commenting on it, and possibly he would like one or two other official opposition members to comment on it before he makes a statement. This would also give his officials time to examine it.

The amendment would give the commission the option of making a recommendation or an order. If the railways accept such an order then we would have achieved our purpose. If the railways do not accept such an order, particularly if there would be any resultant loss to them, then of course they can follow the procedure laid down later under subclause (3).

I am thinking of situations in which the commission could be shown by its experts that there were various things it could direct the railways to do, for example, make one railway use another railway's lines for running rights, make one railway abandon one line and use a line of the other railway between the two, or issue directions related to interconnections, which the bill covers, thus making the railways operate more efficiently and thereby saving money for the directors and for the Canadian National organization. I would hope that all such directions would be made for the purpose of having the railways operate better and more economically.

Those of us who live in western areas that were over-built by the railways know of many examples to which my amendment would be applicable. We know that experts, in the form of royal commissions, have recommended that changes be made. We also know that changes have not been made. Therefore, when we are drafting new legislation can we not put our trust once again in a commission but this time give it a little more impetus in the form of direction from the House of Commons by saying it will have the power to recommend or direct as it sees fit? This would also give the governor in council an indication of what was or was not being done by the railways in carrying out the wishes of the commission.

There is a second argument which carries a great deal of weight. Railway management being what it is, I suspect that many times railway management would like to propose certain things that would improve the efficiency of its operations but if one railway first made a proposal then in dealing with the other railway or railways, as the case may be, it would in effect lose some of its bargaining power in the actual working out of the details. For that reason there may be a reluctance on the part of railway management to put forward proposals, hoping that somebody who is neutral will make those proposals so that management will not lose its bargaining power.

• (4:00 p.m.)

I can think of one or two examples where this has been so. I am referring now to experiences I had in the spring of 1961 when I was attempting to get grain moved through the west coast ports. There is no doubt that railway management experts, terminal operators, the people on the dockside and others involved in the movement of grain all advised the minister of the day that all that could be moved through the western ports was 15 million bushels per month. Yet after the railway officials sat down with each other, after the

unions sat down with management and after the civil servants sat down with all these groups, they were able to come up with an answer which guaranteed that the capacity of those ports would not be 15 million bushels a month but rather 21 million bushels a month. The records will show that in one month the figure of 21 million bushels was exceeded and in fact 29 million bushels were handled.

Were I to tell the committee of all the examples of what was being done in the name of competition it would drive many members away from the concept of competition. What I am trying to say is that there is good competition and there is bad competition. If competition takes the form of one train crew on one railway hauling grain cars across the crossing to block the other railway's access to the port, this may be competition of the old-fashioned sort but is not the kind of competition which brings about the maximum movement of grain. When this situation was presented to the railways they readily agreed that they could change authority from day to day and thus keep the lines clear. In respect of the movement of grain on the west coast, once you get railway management to sit down with unions, with private business and with government groups you are able to clear away all these little practices which have grown up over the years in the name of competition with the idea of getting the best for one company.

I should like to remind hon. members that if the railways benefit, certainly the terminal operators benefit and the workers at the docks and at the terminals benefit. Certainly the business groups benefit and I know the people of Canada benefit. If with this amendment we can get around a difficulty in respect of railway management and have a board which will move with some dynamism in reducing obstacles in railway management in western Canada and if as a result of this progressive dynamism we can get a reduction in the cost, then we will not be constantly faced with higher freight rates and demands for greater subsidies.

That is the second reason I think it is advisable in the long run to use the words "may recommend or may direct" in respect of the commission. I know the word "may" is not as strong as some of us would like it to be. Possibly this is because we have had such a long experience of suffering under the type of emergency where so-called private enterprise fails to do the best thing in its own interest and then turns around, blames everybody but itself and asks for abolition of the Crowsnest Pass rates, higher freight rates and so on when the answer lies right within itself to a larger and larger degree.

The third point, which is minor but important, is that now that the tremendous movement of grain across the west has removed all the argument that there is any loss in respect of the Crowsnest Pass rates there is even greater reason to make absolutely sure the railways can take advantage of the tremendously increasing net return which they derive from the doubling of the amount of grain so that each year they will be able to make the necessary changes in management and run their railways. One thing that all private business tends to do, so long as there is a profit, is never to worry about the fact that there are still savings to be made.

In presenting these arguments I believe I express the hope of a good many people that we can run these railways in a more efficient manner, that we can keep freight rates down by good private enterprise management and represent the interests of the public by giving to this board not only the right to recommend to the railways but also the right to direct.

Finally, although I do not know what is going to happen when we vote on the amendment concerning the setting up of the stronger type of committee which we recommend, whether we set up this stronger type of committee or continue with the present standing committees which are so much under the control and direction of the government of the day, I am sure that with this particular amendment parliament will have a little better measuring stick by which to ask questions. Not only this, but under this type of amendment we will be able to ask what recommendations have been made to the railways. We will have the right to ask the transport commission what directions they have given and if they have not produced directions to meet obvious inefficiencies we will then have a right to reconsider what we have done under this bill. Whether we have the stronger committee which has been suggested or the present type of committee, the words "direct" or "may direct" give a little more leverage. I strongly recommend the acceptance of this simple and yet flexible type of amendment which will strengthen the bill and give the feeling to the people of Canada that they have a little more say over their own economic affairs.

Mr. Pickersgill: Mr. Chairman, before anyone else speaks I should like to raise one or

two points. First, I believe the hon. gentleman made the point that instead of putting the word "shall" into his amendment he was going to use the word "direct" qualified by "may". He suggested that if he had put in the word "shall" it might have involved the kind of amendment that could be moved only after a message from the crown. I cannot help but think that if the hon. gentleman has doubt in the one case it would be just as great in the other case because the direction, no matter whether it be an obligation imposed by this parliament or permission given to this board, does not empower the commission to lay an extra charge upon the exchequer. I suggest it would be equally so with regard to the competence of a private member to amend.

If that is an objection to the amendment I do not think the hon. gentleman has improved the position by saying "may" instead of "shall". I would think, if there is a disposition to accept the amendment, that it would be less objectionable to have the word "may" than the word "shall". In the first place, I do not know how the commission would be able to know when it should. There would seem to be a logical difficulty there.

The second point I should like to raise is that I do not think I have much objection if the direction involved is a direction to the railways to provide running rights over each other's lines in certain cases where a contingent loss to one or the other of the railways might be involved. However, it certainly would not involve an order to them to divest themselves of their property. If the commission directs a railway company to lease something is the commission going to determine at what price it should lease it? If you direct someone to purchase something is that also a direction to sell and, if so, at what price? It does seem to me that, taking this kind of consideration into account, you would arrive at certain difficulties which I think would have to be met by more explicit legislation indicating how the direction shall be carried out and who shall determine the adequacy of the compensation.

• (4:10 p.m.)

I think it is clear from the next subsection that there would be additional costs of operating a line which could be recovered from the treasury and be treated as losses. That is true when it affects one branch line of a certain type, but what would be the situation in ordering a railway company to abandon a certain line when it did not feel there was any loss? That conceivably could be done under this arrangement, but how do you measure that?

It seems to me there would be a host of problems created by any kind of direction which would involve doing anything more than the bill already provides by the use of the word "recommend". The recommendations would be made not just to the railway companies but also, if they involved any kind of intervention by the government, to the Governor in Council, and if some expenditure was required to make compensation or do something of that kind, it would be open to the Governor in Council to ask parliament to provide the necessary money.

I think the suggestion that the commission is not being given adequate powers to accomplish anything that we really would wish to be accomplished is met by the bill as it is. I cannot help but think that a recommendation made public, as it would have to be, indicating quite clearly that there were advantages and what the advantages were, would be something which no railway company could possibly afford to disregard unless it was a patently foolish recommendation and one that could be demonstrated to be foolish.

In any event, if there was a recommendation which involved action by the government it would be perfectly competent on the part of the government, no matter what view the railway company might take, to accept the recommendation if in its wisdom it felt it should and if it was within its power. The powers given to the Governor in Council are a good deal wider than the powers we are asking to give to the commission, and I think for a very good reason. The advisers of the Governor in Council are here and can be called upon to account for their actions by the representatives of the people, whereas it would be of considerable significance if a body which of necessity was in the correct technical sense irresponsible, by which I mean independent, were given the power to say that a property shall be transferred from one person to another. Under those circumstances we would be saying that essentially arbitrary acts should be carried out. I am not going to reject the suggestion out of hand. I do want to obtain some advice from my officials before I finally make up my mind because I recognize that everyone taking part in the work of the committee here is trying to improve this bill.

I have had a rather strong predilection all my life for persuation and reason rather than for direction and coercion. That is one of the reasons I remained throughout the second

world war an unrepentant anti-conscriptionist. There are occasions when people have to be directed but I do not like to have any more direction or arbitrary action than is really essential for the public good. I would certainly prefer to see how the law as we have now framed it will work rather than seek to import into this particular clause arbitrary powers given to a commission which is not and cannot be answerable directly to parliament for its judicial and quasi-judicial activities. You destroy at once its character as a court if you do that. I believe that if it issued a directive which was contrary to any established law that directive could be appealed to the courts. Unless it is demonstrably necessary to provide this kind of directing by arbitrary power, if indeed that would be effective, which of course is the other side of the coin, I should like to consider with my officials, before reaching any final conclusion, whether or not there is any kind of direction that is not already provided for in the clause which would be effective without having to add other words to provide what the consequences of that direction might be.

Certainly the commission could not direct the Canadian National Railways to lease a line to the Canadian Pacific Railway, or the Canadian Pacific Railway to lease a line to the Canadian National Railways, without giving power to someone somewhere to say what the terms of the lease should be. The directive would be ineffective and it would seem to me it would be necessary to enable the commission to say what the terms of the lease should be. The same would apply in respect of the purchase price of something if there was no agreement on the matter. It is quite a different thing to recommend that certain things be done. If the parties themselves do not come to an agreement there would be no need to nullify a direction or have what might appear to be a defiance of the law which would appear to me, without other words, to be unenforceable.

I put these considerations forward as some of the very real difficulties I see in respect of this matter. These are altogether apart from the question whether we really want any kind of incidental amendment to one part of the bill, taking the view that parliament would authorize the commission to direct the Canadian National Railways to divest itself of certain property that belongs either to it or to the Crown. That would present some difficulties too, because the Transcontinental, the Intercolonial, the Prince Edward Island Railway and the Newfoundland Railway are not the property of Canadian National Railways but are the property of the Crown. This direction would cut both ways. I do not know whether we really seriously want to direct the Canadian National Railways to divest themselves, contrary to the judgment of the management we have appointed to do these things. If they are going to do them willingly, there is no purpose in putting the word "direct" in this section. The only purpose of putting in the word "direct" is to make them do something, either one of them, that they do not want to do; otherwise it is redundant.

• (4:20 p.m.)

We would then be saying we want them to do this whether they want to or not. Whether in their business judgment it is a wise thing or not, they must divest themselves of this property and turn it over to the C.P.R., or vice versa. I am not making any more in this case of the question of taking so-called private property and forcibly having it sold. I recognize perfectly that we have the power to expropriate the C.P.R. or any part of the C.P.R. any time we want to do it. I would see nothing wrong in principle or in law in our doing that if reasonable compensation is provided. There is nothing wrong in that at all. I am not making that kind of objection. I am just wondering whether we really have considered all the implications of seeking to do these things in an incidental fashion, in a piecemeal way. It may be that some of the aspects of rationalization do not involve an actual change in the title of properties but simply direction as to the use of the property if the commission thought it desirable to make such a direction.

I am rather inclined to think that when we reach some of the clauses almost immediately following clause 42 we will find that the power to do that kind of thing is really fundamental in the law now and that we are proposing certain minor amendments which would make that continue to be possible. I would see no difficulty about having the commission determine, for example, what should be the maximum or minimum charge for the use by one railway of facilities owned by another, in the kind of circumstances envisaged here. But I believe one has to be very careful in this respect. I have tried very hard to understand this bill thoroughly, but on these points of detail I always like to go back to the experts before I express too categorical an opinion. I very much doubt that we would in fact accomplish very much that would be practical in accepting this amendment.

I also think that if the amendment is pressed Your Honour will have to consider the point raised by the hon. member for Qu'Appelle whether it does imply any contingent charge upon the crown. There may be one or two other hon. members who would like to say something about the amendment right now, and therefore I wonder whether we could let it stand so that my officers could consider it further. We could pass on to the next paragraph and try to make a little progress while the matter is under consideration.

Mr. Douglas: Mr. Chairman, I support the minister's suggestion that the section be allowed to stand while his officers consider the matter, because I think this is a very important section. I agree with the amendment moved by the hon. member for Qu'Appelle. The minister has said that there are a number of difficulties raised by the amendment. What he does not seem to have faced up to is that it is only by meeting these difficulties that we can grapple with the much greater difficulty of how we are to achieve rationalization of the railway system and how we are to remove much of the westeful duplication that now obtains.

I do not recall the figures exactly—I looked them up some months ago—of an international survey which was carried out and which showed that Canada spends more money per capita on transportation than any other western country. Part of this is undoubtedly due to the great distances in this vast country and its relatively small population. But I am equally sure that part of our high per capita expenditure for transportation is due to the wasteful duplication in transportation which has been built up in this country over the past 100 years. There has been wasteful duplication in the building of lines, failure to have any kind of co-ordination or rationalization, and not only duplication within the same mode of transportation but wasteful duplication among different modes of transportation.

As I said when speaking on the resolution which preceded this bill, in my opinion we will never resolve the transportation problem in Canada until we set up a transportation authority with real power to bring about rationalization, remove duplication and bring costs down. We cannot leave it to individual companies voluntarily to bring about rationalization. In the first place, there is no great incentive for them to do so. They are not like manufacturers who may be operating in a free market and the incentive to reduce overhead so they may be competitive. Railways, like other transportation utilities, are quasi-monopolies and the wastefulness of duplication is not paid for by them. It is either paid for out of the public treasury in the way of subsidies or by shippers and passengers in the way of freight charges and fares. Consequently there is no real incentive, unless that incentive is supplied by parliament, to insist upon the removal of duplication and bring about a greater degree of rationalization.

I know the minister has made a very eloquent plea for persuasion rather than any element of compulsion. But the minister knows, because he has made a very exhaustive study of the whole question of transportation, that one could bring before this committee a host of recommendations of royal commissions of other years with respect to rationalization and the removal of wasteful duplication. The railway companies have ignored these recommendations. Representations have been made to the Board of Transport Commissioners and the railways have simply pretended that they did not hear. The duplication has continued. This parliament has been asked even in the last few years to give the railways permission to build lines into areas already served, because there has been no rationalization program. I do not think the minister is on sound ground when he says that if this body we are now setting up makes a recommendation and it is a sensible one, the power of public opinion will compel the railways to carry out the recommendation.

• (4:30 p.m.)

I have appeared before various federal cabinets under section 51 of the Railway Act and before the Board of Transport Commissioners on too many occasions not to know the extent to which the railways can stall, no matter how good a case you may have, and delay if they do not want to act. I think that if we are going to set up this transport commission it has to have the power to make recommendations, but if there is no indication that a recommendation will be carried out it must have the power to direct that certain rationalization will take place in the interests of saving money for the Canadian taxpayer and the Canadian shipper.

As the minister said, there are some difficulties. There is the matter of the terms under which these recommendations or directions will be carried out. It seems to me that this is

not an insurmountable obstacle. The companies in question can try to negotiate terms under which they will lease facilities to each other or allow lines to be used by both companies, and if they cannot agree by negotiation on some mutually satisfactory figure the matter can be referred to the courts for decision. If this commission does not want to be a court of last appeal, the matter can be taken to the courts. This has been done repeatedly.

Mr. Pickersgill: I am sure the hon. gentleman would not contend that this could be done by divine law. Parliament must make some provision whereby this could be done if it were not done by this section.

Mr. Douglas: I agree with the minister wholeheartedly. I am not saying that these simple words will do that. If the minister accepts the principle of this amendment I would certainly think he is the one who has to work out the consequential amendments. As my colleague, the hon. member for Springfield, said the other night, we had prepared an amendment but we did not move it. There are just too many consequential amendments that have to be moved, and this is really something which the government draftsmen have to do. I suggest to the minister that the task of making the consequential amendments is relatively small compared to the benefits that can be derived from assuring the Canadian people that this commission will not be another recommending body or another referee whose decisions can be totally ignored.

Mr. Pickersgill: I wonder whether the hon. gentleman would address himself to the clause under discussion. This clause deals exclusively with branch lines; it does not deal with any broad scheme of rationalization. It seems to me that if he could just get down to earth on the matter and see whether any directions could be made which would in fact accomplish what the recommendations would not we would be getting further along.

Mr. Douglas: The minister is aware of many instances in which there is duplication in this country, lines where both the C.P.R. and the C.N.R. are operating in the same district and where one line could be discontinued and the other used by both railways. This situation has been faced again and again and no action has been taken. Under subsection (1) of 314D I take it that if the commmission directed that there be some rationalization with respect to any two lines the company would be required to carry it out. I agree that the minister would have to make consequential amendments to provide for the manner in which the financial terms would be agreed upon, but that should not be very difficult. However, I think that the words which the hon. member for Qu'Appelle is recommending should be inserted after the word "to" rather than after the word "companies", so that it would read:

> In the exercise of its duties under section 314C the commission may recommend to, or direct as it sees fit, railway companies the exchange of branch lines between companies by lease, purchase or otherwise—

Wherever it is dealing with rationalization, if the commission finds that the making of recommendations is not sufficient to get adequate action to remove wasteful duplication I think it should have the power to direct the companies in question to carry out the program of rationalization set forth by the commission. I do not think that the financial terms need to be an insurmounable obstacle. The minister could either provide that the two companies negotiate and try to agree on a figure or if that failed the commission itself could set down a figure which would always be subject to appeal. Another alternative would be for the legislation to provide that in the event of failure to reach a mutually satisfactory settlement the matter could be referred to the courts.

We are arguing for the principle and I would hope that when the minister discusses it with his officials he will give serious thought to this matter. I think the success of the commission, particularly with respect to the matter of rationalization, will depend on the extent to which it has some power and the extent to which the act has some teeth. The minister may be right that in many cases a recommenadtion will be sufficient. However, I think the knowledge that the commission has the power, in glaring instances, to issue a directive would have a very salutary effect on the co-operation which it would receive from the railroad companies.

Mr. Hamilton: Mr. Chairman, a couple of points were raised by the minister which I think should be nailed down at this stage. So far as the financial consequences of this amendment are concerned I would suggest that they are nil. Let me refresh the memory of the minister on the section under discussion. At the present time, under this bill as it is drafted the commission may recommend the leasing or exchanging of operating rights. However, subsection (3) provides that the commission may recommend certain steps in the operation of railways to improve their

efficiency and, I suppose, to reduce their costs. If a company feels that it will have to bear a loss as a result of a recommendation the commission may, according to this section, report that to the cabinet. However, suppose that the commission makes a recommendation in a csae in which there is no loss to either railway, and this is what the hon. member for Burnaby-Coquitlam and I are fighting for. We come from an area where there are many cases of the railways being able to reduce their costs and make money by operating in a rational way.

Mr. Pickersgill: Does the hon. gentleman not think that this is precisely what the railways have been trying to do for quite a number of years and have been prevented from doing by two successive governments because every application they have made to abandon lines in order to reduce their costs has been frozen at the request, first, of the government to which he belonged and, second, of the government to which I belong? There does seem to be a rather odd contradiction in this debate. Until we reached this paragraph nearly everyone who spoke—

Mr. Hamilton: Mr. Chairman, on a point of order, is the minister asking a question? May I remind him that I had the floor?

Mr. Pickersgill: I apologize to the hon. gentleman.

Mr. Douglas: The railways are abandoning lines with the one hand and building duplicate lines with the other.

Mr. Hamilton: Let me finish my argument. I want to emphasize what I was saying previously, that the commission may recommend, and if that recommendation is acceptable to both companies and they can thereby save money nothing further happens under this bill. However, if it recommends something to the companies which would involve losses the railways are allowed the privilege of going to the cabinet to get a ruling on how to meet the cost if it is not met under section 314D.

• (4:40 p.m.)

I suggest that by this amendment we would correct a flaw in the bill; it would provide that the commission may recommend or direct, as they see fit. At the moment, if they are given the power to direct and this direction is not obeyed by the railways, provided there is no loss by either company and therefore no right to raid the public treasury there is no question of any consequential effect upon the balance of ways and means.

[Mr. Hamilton.]

One of the arguments raised by the minister was that he would have to ask the Chairman to rule whether the amendment did affect the right of the government to be the only body capable of effecting a payment out of the public treasury. I am suggesting that it does not. Subclauses (1), (2) and (3) make it very clear that the board is not required to raise any objection unless there is a loss to the railways. Where there is no loss, nothing is done.

As a digression, Mr. Chairman, I point out that if you read the bill carefully you will find that even where there is a loss the transportation commission does not have to take the matter to the cabinet. As I have already put on the record, if there is a loss the commission may in its discretion make a recommendation to the governor in council. What I am primarily dealing with in my amendment is a gap in the legislation. In effect it gives some indication to the national transportation commission that parliament wants them to make a direction if they find that the railways are not following their recommendations. This direction will be given in cases where mutual advantage to both railways will flow.

If there is any adjustment in charges to be made for operating on another company's line or for selling certain equipment in the case of a line to be abandoned, then this is a mundane matter that can be worked out by these people. They are skilled at costing. They have records going back years of how much write-off has taken place and so on, so I do not think that this would be a difficult problem to overcome. By this amendment we will give the commission a little more power to direct. If those directions relate to any loss of public money, then this circumstance is already covered in the bill. But my point is that I want them to have this power to direct.

The minister made two or three other points. He said that he did not like direction by commissions affecting public or private property.

Mr. Pickersgill: Unless it is really necessary.

Mr. Hamilton: Unless it is really necessary. All the way through the bill the power to direct is given. Although this might be an extreme statement I can be caught out on, I think that if I were to go through the bill I could find a dozen cases where the board is given the power to order and direct. In this instance what is the matter with giving them the power to make recommendations or to

direct as they see fit on a matter which relates to the railways saving money and therefore saving money for the public purse?

I think the arguments raised by the minister can be described as begging the question. I hope he takes this matter to his officials. I am willing to accept the suggestion of the hon. member for Burnaby-Coquitlam. If the amendment requires some further change to deal with a situation where the railways do not accept the direction, this is up to the drafters. We cannot do it here. This is not because it affects the balance of ways and means; it is because it is a matter of coherence and logic in drafting.

The principle for which we are battling here seeks to do more than was done in the act of 1935 and to give this additional impetus to the commission of the power to direct. We have not harnessed or restricted them in any way beyond the fact that we are trying to encourage them to stand up and be counted if they find that their recommendations are not obeyed.

I should now like to move my amendment so that something tangible is before the committee. Therefore, I move—

Mr. Pickersgill: Mr. Chairman, before the hon. member moves it I wonder whether he would consider a suggestion I should like to place before him. If he moves the amendment as it now stands I would have no option but to ask the Chair—and I do not want to waste a lot of time with procedural arguments—to consider very carefully whether it is an admissible amendment. In his amendment to subclause 1 the hon. member is proposing that we should give the power to direct, and he says that any financial implications of that direction do not matter because there is permissive power in clause 3 to refer a matter to the governor in council.

[*Translation*]

Mr. Asselin (Charlevoix): Mr. Chairman, the minister proposes to ask the Chair not to accept the member's amendment, which is not yet before the house. In my opinion, the minister should wait until the amendment is submitted to the house before making his request.

[*English*]

Mr. Pickersgill: Mr. Chairman, I am not rising on a point of order at all. I am exercising my right to speak as a member of the committee in order to make a suggestion which I thought might help the hon. gentleman to get the sense of the committee, that is all. It seems to me that if the hon. gentleman seeks to put in an amendment which will give the power to direct in relation to purchases, leases and things of this sort, which might involve the railways in losses, then this would have one of two effects. It would either be confiscatory, or could be; alternatively, there would have to be some provision for compensation. There is no provision for compensation in subclause 3. There is the possibility that a recommendation can be made to the Governor in Council, who in his wisdom might see fit to ask parliament to provide compensation.

As far as I am concerned, Mr. Chairman, I am not prepared to sponsor or support any measure that is going to be confiscatory without compensation; I want to make that very clear. If the hon. gentleman wanted to change his wording to "or direct, as they see fit, in any case where there would be no monetary loss to either railway company", then that would mean that they could direct the exchange of running rights or anything else. I think I would still vote against the hon. member's amendment but I would not raise any point of order in connection with it.

If the hon. member feels that he would like to have the sense of the committee with respect to that change, then as I say I would not be disposed to raise any point of order; otherwise I might. I am not saying I am confident that I am right about whether or not it would or would not involve a charge, in which case in certain circumstances the situation might call for confiscation, but I would have to ask the Chair to look at that point. If some modification along the lines I have suggested could be made which permit a direction in a case where the railways would be losing money because they did not rationalize, then I would be happy to have the amendment voted on. That might be a way out of the difficulty.

Mr. Bell (Saint John-Albert): Might I ask the minister a question? Is he not displaying a remarkable lack of confidence in this commission? Surely the commission is not going to make a direction that is not workable where there is provision for financial recovery under one of these later clauses from the Minister of Finance or governor in council.

Mr. Pickersgill: Mr. Chairman, I was in this house when it debated the Defence Production Act in 1955 at a time when hon. gentlemen immediately opposite were unwilling to trust far lesser powers than these given to a government and a minister, both of whom were answerable to this chamber. I find this volteface on the part of the official opposition rather extraordinary. It is one thing to give

power to the governor in council; it is another for parliament to do things itself. It is not a case of giving somebody not answerable to parliament arbitrary powers. I am not so surprised in the case of hon. gentlemen in the N.D.P. but I am rather surprised, considering the history of the last ten years, to find that attitude immediately opposite.

• (4:50 p.m.)

Mr. Baldwin: We had a parliamentary committee look at this matter.

Mr. Hamilton: If I may go back into history, I do say that there is a difference between the man who was minister of defence production and the Minister of Transport today. Those words hold true if I am right in assuming that the minister of defence production in 1955 was Right Hon. C. D. Howe. His attitude toward parliament was different from the minister's. That is the first point.

Second, the war has been over for some time and defence production does not play as great a part today. Parliament wants to control things differently now. The point is that parliament is being asked to give considerable power to a board. We are doing so reluctantly because we see no way out. That is strictly in harmony with our past positions. In this section we have tried to strengthen the hand of this board, and under clause 20 we shall ask that parliament control it to a greater extent than now envisaged.

The point raised by the minister does not change the picture much. We contend that if the amendment I propose carries it will involve no more or no less financial commitment than under the clause as it stands. Second, it was contended that this amendment might be understood to apply in cases where there was no monetary loss to either railway. I do not accept that.

One proposal I should like to see this commission make is that one railway abandon say 110 miles of line where there is a line of another railway beside the line to be abandoned. Obviously monetary loss would be involved in the case of one railway. That railway could use the other line to transport its goods. As I say, there will be monetary loss. At the same time, however, if as part of the deal another section of railway line, say 150 miles long, is transferred to the first railway, both railways will be better off and the public will be better off. The sum total of the deal is more profit to both railways and lower rates paid by the public.

I toss that in as a quick idea to be fed into the mill. I should like to see this amendment

before the house. I should like to see the minister stand this section. Perhaps the minister's officials could look after the drafting consequences of this amendment. If they and the minister feel there is logic in the amendment, if it is worth while, if they think our amendment is responsible, perhaps they could advise us of that.

Mr. Pickersgill: I should be quite happy to stand the section for the time being to do what the hon. member suggests.

Mr. Hamilton: May I move the amendment, Mr. Chairman? I move:

> That clause 42 as it relates to the proposed new section 314D (1) be amended by adding after the word "to" where it appears on line six of page 29 the following: "or direct as it sees fit"

The Chairman: Is it the wish of the committee to stand the subsection?

Mr. Baldwin: Before it is stood may I ask the minister a question? I have in mind the wording of subsection 3 of proposed new section 314D, which reads in part as follows:

> —the commission may, in its discretion, report its recommendation to the governor in council for such action as the governor in council may consider necessary—

Bearing in mind also section 24 of the Financial Administration Act, which says that subject to the British North America Act no payment shall be made out of the consolidated revenue fund without the authority of parliament, and bearing in mind the words of the hon. member for Qu'Appelle and the hon. member for Burnaby-Coquitlam, I should like to hear the minister say something to the effect that the limitation placed on the governor in council by subsection 3 and by section 24 of the Financial Administration Act suggests that all the governor in council can do is to come to parliament and ask for an appropriation in the estimates to cover any amount which it wants to recommend. In other words, this bill does not give authority to the governor in council to make any payments. They must come back to parliament.

Mr. Pickersgill: I think that would be true if you left paragraph 3—I do not know what you call these things—as it is. But if you look at subsection 2 it is clear that, if the effect of this direction were a loss of a monetary kind, that loss would be taken into account under the principles of this bill. This is mandatory. This is not like subsection 3. If a decision is made that there is a loss on a branch line, we are giving the commission the power to order that line to be kept in operation. Parliament is

saying, when we pass this bill, that in that case the loss will be paid. There is no problem in that respect. This would be adding a new case in which there would be a charge if there were a loss as a result not of refusing to abandon but of a direction with respect to rationalization.

Probably I am being very tentative. I do not feel absolutely confident that, even if we read subsections 1 and 2 together, the amendment suggested by the hon. gentleman, which would necessarily involve a potential charge —I do not say it would be an actual charge but we know that if there is a potential charge it will be a liability—would meet the problem. It would not do that, even though there is no provision for compensation. Then the amendment would not be out of order but I should object to it strenuously on the ground that it would seek to take somebody's property, where loss had been caused, without a compensation provision.

Mr. Schreyer: Mr. Chairman, the minister gave an undertaking to the committee that the amendment will be taken under advisement and that the clause will be stood.

Mr. Pickersgill: Yes.

Mr. Schreyer: What will be allowed to stand? Is it all of new section 314D or subsections 1, 2 and 3? I wish to speak on subsections 3 and 4.

Mr. Pickersgill: I wonder whether it would make much sense to the hon. gentleman, before this question is resolved one way or the other, if we allowed the whole new section to stand. That does not in any way restrict his right to speak when we come back to it.

Mr. Douglas: We might as well let all of new section 314D stand.

• (5:00 p.m.)

Mr. Pickersgill: That would be my view. If we did not do it that way, we would get into a mess which we could not unscramble.

Mr. Bell (Saint John-Albert): It might be difficult for the minister when he does not have his officials here with him but could he not indicate some method, in relation to the financial provisions which are evidently the main worry here, of placing a claimant under this subsection in no worse a position than that of a person claiming under new section 314E dealing with abandonment?

Mr. Pickersgill: If we were to do that I am afraid we would be extending the scope of the measure. My officials could not help in such circumstances, it would be a matter for the Chair.

Mr. Bell (Saint John-Albert): How is it then that a person affected by this subsection is in a less advantageous position than a person to who 314E applies, where there is the possibility that the Minister of Finance may make a payment?

Mr. Pickersgill: I do not think that is the question which arises. The question is whether we would be imposing some kind of new charge on the Crown.

The Chairman: Does the committee agree to stand 314D?

Mr. Olson: I agree that it should stand but first I think there are one or two matters which the officials might consider. The minister rests his whole argument on the supposition that if there were any additional charge or cost to the railways because of a decision by the commission—

Mr. Pickersgill: A direction.

Mr. Olson: —under its authority to direct, he could not agree because it might be confiscatory—

Mr. Pickersgill: No. I wonder whether I could clear up that point? What I said was that were such a cost imposed, one of two things would happen. Either there would have to be compensation in respect of it, in which case it would be an additional charge on the Crown, or else it would conceivably be confiscatory.

Mr. Olson: I understand that perfectly. May I follow up the argument by saying that if there were provision for compensation it would be beyond the capacity of an ordinary member to move the kind of amendment—

Mr. Pickersgill: It might be.

Mr. Olson: That is the point which concerns me. If we are to accept the minister's argument in this case, he must convince us that boards such as the Board of Transport Commissioners have never been authorized to make decisions which imposed an additional charge or cost on a railway company unless there was a provision for compensation by parliament. Surely the minister does not expect us to believe that. Surely he does not wish to leave the impression that the board—

Mr. Pickersgill: I should like to clear up that point. If some such provision as that had been in the bill to start with, there would be no problem. The situation now is that we have the bill before us and that there is a certain resolution connected with it. If an amendment introduces a charge which is beyond the scope of that resolution it is out of order and cannot be dealt with in the absence of a new resolution. It is not something which would be wrong under any circumstances.

Mr. Olson: I am not concerned now about whether power and authority should be vested in this board to impose a charge on the railways. I am not concerned at the moment about the minister's opinion on that point. I am saying that the hon. member for Qu'Appelle is perfectly entitled to move that the cost resulting from a directive by the board be an additional charge on the railway.

There are many precedents for this. In dealing with the railways the Board of Transport Commissioners has handed down numerous decisions which have cost the railways money in circumstances where there is no provision for compensation by the parliament of Canada. We should be careful about raising technical questions regarding whether or not an additional charge on the railways as a result of a directive would be met by compensation by parliament or whether the railways would have to absorb that cost. As the hon. member for Qu'Appelle has said, there are many provisions in this bill which authorize the commission to impose an additional cost on the railways. If the minister holds that every clause in this bill which gives the commission power to direct should also be accompanied by power to compensate, that is very different from saying that the hon. member is not allowed to move his amendment under our rules because there is a possibility that the board might make a directive which would cost the railways some money. If the law officers are to look at this clause in terms of whether or not there is a potential cost to either parliament or the railways, I should like them to clear up these points because they are bothering me.

Mr. Pickersgill: I have never contended that the amendment would be out of order if it simply sought to impose a charge on the railways. I think that in certain circumstances it would be contrary to good public policy to do so, but I would not argue that an amendment to that effect would be out of order. I am concerned only about the narrow and technical point that if this amendment does involve the possibility of payments out of the treasury, which and I am not convinced it does, of a kind for which no provision was made in the resolution preceding the bill, it would then, under our rules, be beyond the capacity of an hon. member to move or of this committee to decide. If, on the other hand, the amendment was simply to impose a charge on the railways, there might be those of us who would feel that it was not very sound public policy. But it is certainly possible for any hon. member to move such an amendment.

Mr. Olson: The minister has cleared up that point and I think he has dealt clearly with any point of order which may be raised on the subject. I am prepared to allow this section to stand until it has been examined.

• (5:10 p.m.)

Mr. Schreyer: The minister has been good enough to take the subject matter of the amendment under advisement and therefore is asking that the section be allowed to stand. However, I have some related comments to make and possibly the minister may agree to take my thoughts into consideration as well.

Mr. Pickersgill: That would be a good idea.

Mr. Schreyer: If in the minister's position it is simply not prudent to accept the subject matter of the amendment there is an alternative approach, something in the nature of a compromise. It is that the wording of subsection (3) be changed in such a way as to make all recommendations made by the commission reportable on a mandatory basis to the governor in council.

The minister earlier made a logical and forceful argument about the wisdom of avoiding mandatory legislation at times and relying more on the discretionary approach, but if the commission is going to make recommendations to the railways there is really nothing which smacks too much of compulsion in having the commission required to report all its recommendations and the subsequent actions, or lack of them, by the railways. If such a report were made to the governor in council, then the onus would be on the cabinet to take action to protect the public interest.

I understand that this is what the minister would prefer. He implied and may even have said that he would not like to see parliament delegate power to the commission which would give it the authority to require railways to dispose of property, purchase property, or enter into leases in certain places. I took it from his remarks that if such things were

involved the power should be left with the governor in council and parliament.

If subsection (3) were amended in the way I suggest the governor in council would then be a kind of last authority in this respect and would be in a position to recommend action to parliament in the public interest. The public interest would be as well protected as the cabinet of the day wanted to protect it.

Mr. Pickersgill: I think the hon. gentleman has made a very constructive suggestion. If I were a good lawyer and could make up my mind on these things without any help I would probably say his suggestion is one I would not have much trouble in accepting, but I am glad that we will have a little time to reflect on it.

I agree completely with the objective the hon. member for Qu'Appelle has in mind. We do not want these recommendations to be hole-in-the-corner recommendations. We want them to get all the publicity possible. Where the railways did not comply or showed reluctance to comply with the commission's recommendations, if it were mandatory on the commission to report to the governor in council that would ensure additional publicity and additional pressure upon the governor in council if there were some real public opinion behind the matter. I think this would improve the bill but I would like to examine it further.

Mr. Schreyer: Mr. Chairman, I realize that I cannot move an amendment since there is already one before the committee, but with respect to subsection (3) I would suggest for the minister's consideration that all the words after "subsection (1)" in line 2 of the clause, actually line 28 on the page, be deleted up to the word "the" in line 31, and that the word "shall" be substituted for the phrase "may, in its discretion," so that the subclause would read:

> Where a recommendation is made by the commission under subsection (1) the commission shall report its recommendation to the governor in council for such action as the governor in council may consider necessary in the public interest.

If this course of action were followed there would be a mandatory requirement on the commission to report all of its recommendations to the cabinet. The cabinet would then see what was recommended, what action was taken by the railways or whether the railways ignored the recommendation, and would be in a position to act if it wished.

Mr. Bell (Saint John-Albert): With reference to what has been said by the last speaker, Mr. Chairman, this is what I had in mind but may have expressed clumsily. It may be necessary to make a claim of this nature on the consolidated revenue fund through the Minister of Finance, as is provided for in a later clause, but if it were done in this way it would be simpler. Now that the matter has been brought out in the open I believe some amendment will have to be made. Otherwise the commission may take this debate as indicating it should not go very far in making a recommendation, not to mention something stronger than a recommendation.

I do not want to be understood as being against the publication of figures but I do have a question with respect to subsection (5) on page 30 of the bill. Everyone has his own ideas about draftsmanship, and this seems to me to be a clumsy provision. I wonder why the phrase "so far as it is practicable to do so" appears in lines 9 and 10. Who is being protected? What is the idea of this? It is almost an invitation not to make the relative traffic figures available.

Mr. Pickersgill: I think I can explain that simply. It is provided in an earlier part of the new section that the commission may require information about traffic, costs and so on, pertaining to a branch line that is to be abandoned, and that information has to be published. But for its own purposes the commission may ask for information about a line that the railway does not want to abandon. That information is not normally to be made public but there might be certain circumstances in which, in order to justify its decision, the commission would have to publish some of this information that would normally be kept confidential. So there is no absolute guarantee of confidentiality in the case of this other information.

If it is necessary, in order that the commission can make an intelligible decision, that the commission use information about some other line that is not to be abandoned, it is not forbidden to do so. However, it is directed not to make any more of this information public than is necessary in order to prove the point at issue. This applies just to the commission.

Mr. Bell (Saint John-Albert): Then why put the phrase in at all?

Mr. Pickersgill: Otherwise the commission could be censured for giving out confidential information.

Mr. Prittie: I would like to make a brief comment with respect to our procedures in committee. I notice that a number of times during consideration of the bill we have had to stand clauses because the minister has to consult with his officials on very complex matters. It always seems strange to me that we allow a minister's officials to sit beside him when we are considering estimates but not when we are considering complex bills in committee of the whole. I suggest that when we establish a committee to examine rule changes this is something which should be considered because it would save time if a minister could get an instant opinion from his officials.

• (5:20 p.m.)

Mr. Pickersgill: There is nothing contrary to the practice of the house in doing that, but I do not think any official who would sit in front of me would want to give an instant opinion on this particular point and I would not want to receive it. This is a point in respect of which I should like to have a little time to reflect. We had very long sessions of the standing committee and I would have hoped that these points would be raised there. They are being raised now, and hon. members have a perfect right to do so. I think it is also quite important that I should have the necessary time to consider them. It is not a question of my being at all inhibited because of the fact that the officials happen to be sitting above the presiding officer rather than being here to advise me. I have never asked that anything be stood except when I wished time for reflection.

Mr. Bell (Saint John-Albert): Does the minister not think that some of these matters of a semi-judicial nature could be dealt with right off the bat if his officials were here on the floor so that they could tell him whether or not something could be done?

Mr. Pickersgill: That may be so, but it is my experience that the more lawyers there are the more opinions there are and the result is that more time is taken in disposing of matters. I say that with respect for the hon. member for Saint John-Albert who is not that kind of lawyer.

Mr. Bell (Saint John-Albert): I think the minister is trying to practise a little law himself.

The Chairman: Shall new section 314D stand?

Some hon. Members: Agreed.

[Mr. Pickersgill.]

The Chairman: New section 314E.

Mr. Bigg: Mr. Chairman, I hope you will bear with me a little if I generalize to a certain extent in respect of this particular section. In my opinion this bill is one of the most important to come before the house. It affects not only the present and future of railroading but also air transport, road transport and even water transport. Therefore if one section or one clause impinges on another it becomes difficult to stick strictly to the subject matter of the one section.

I come from a pioneer district. An efficient system of railroad transportation is of the greatest importance and that is the reason I feel what I have to say is relevant to this section. To a certain extent we have become bogged down in semantics. The most important question is whether we are or are not going to streamline transportation across Canada so as to give to the pioneering people who need it most the attention they require and often have not had. When one speaks of rationalization this means, I understand, having a rational excuse to streamline our railroad system. I agree with this view 100 per cent. I believe there are a great many clauses in this bill which will help in that regard. I am afraid, however, that a commission such as we have here may become involved in so many duties that it may not be able to see the bush for the trees. In respect of the streamlining of our railroads it may forget that the main reason railroading was started in this country was to give efficient help to the pioneering people.

I had been in this House of Commons hardly a month when I took up this matter with the then president of Canadian National Railways, Mr. Donald Gordon. Of course Mr. Gordon's main responsibility was the profit and loss situation at the end of the year. This involves getting down to dollars and cents. Our main function is to see that the peoples' money is not wasted. I contend, however, that if we lose sight of the fact that service to the people is the main purpose of transportation it does not matter whether or not the books balance at the end of the year because in that event we have failed in our duty to supply the very vital link between producer and consumer. In this regard we have failed in northeastern Alberta. So, if you will excuse me, I will direct most of my attention to this particular problem.

Mr. Pickersgill: Mr. Chairman, I have the greatest possible esteem for the hon. member

but I should like to remind him that we did agree we would deal with clause 42 of the bill new section by new section and stick to each particular section. It is my understanding that general speeches concerning transportation, if they have not already been made, would be made when we revert to clause 1 which was stood earlier. I have just totalled up the statistics and find that we have been in committee on this particular bill for 31 hours. That was before today so the total now would be 32½ hours. We have passed 30 clauses. If we do not follow an orderly procedure in respect of this bill we will never complete our consideration of it. If the hon. gentleman has some general observations he wishes to make, I wonder whether he would consider holding them until we get back to clause 1.

Mr. Bigg: Mr. Chairman, I merely beg the permission of the committee to give a little background to what I have to say because if in our consideration of these sections we do not keep in mind the main purpose of the bill our efforts will be frustrated. Sooner or later before this bill is passed I am going to say what I have in mind in any event.

Mr. Pickersgill: The hon. gentleman is not one who takes up much of the time of the committee and I hold him in the greatest esteem, but I would hope that we could proceed in an orderly manner. I merely point out that we did have agreement that general speeches would be made on clause 1. This new section merely deals with certain ways in which the compensation will be provided if a line is not profitable and the commission orders that it be maintained in operation. We might make a little progress by following the rules which we set down for ourselves.

Mr. Bigg: If the minister will exercise the same patience toward me that I have exercised toward him within the last few hours, I think we might get to the meat of the subject. Whether or not compensation should be paid is dependent on whether or not a profit or loss is sustained. Therefore I think the question of whether there is a profit or loss is very relevant to a discussion of this section because we should not pay compensation to a railway company if that company has not done its best to make sure that the profit or loss is proper. I am not satisfied with the bookkeeping system which is used in performing this particular function. Although I have mentioned Mr. Donald Gordon, I do not blame him for this. He did make clear, however, that their method of coming to a decision was a matter of bookkeeping. I cannot stress this main basis of my argument too strongly. I should like to refer to a specific point and I do so without attempting to delay the passage of this bill. If a railway does not operate efficiently on the ground, it cannot operate efficiently on paper.

• (5:30 p.m.)

Two railways exist in the area I represent and from time to time it has been indicated that they are operating at a loss. Neither of these railway lines has been completed. Therefore they have never had a chance to operate efficiently, whether at a profit or loss. If these lines were completed and still operated at a loss I would be the first to support subsidization or a change in the set-up. The government and parliament should provide some guide lines to this new commission so its members cannot come back five years from now and say they did not know what we wanted. We should make it abundantly clear what we want, and we do not require the services of a Philadelphia lawyer to point out our desires in this regard.

I am sure we all want our railways to operate in this country at the least possible cost. If two ends of a railway line do not meet, how can the railway operate efficiently? Anyone who knows anything about hauling freight on tracks, wheels or horseback knows it is cheaper to haul something 40 miles than 328 miles. This is particularly true when the cost is being paid by the small farmer, the homesteader or the small businessman.

It has taken nine years for me to get the opportunity to speak in this house on this subject. We have been told from time to time that the government intends to accept the recommendations of the MacPherson report. No later than yesterday the minister himself made such a statement. The MacPherson report is already out of date. It took six or seven years before we got around to discussing or implementing it, and today we are faced with an entirely different situation. If the railway lines to which I have referred were operating at a loss ten years ago that is now ancient history, and if they are operating at a loss today they are doing so because a gap in the lines has not been filled. I venture to suggest that if that gap were filled they would begin immediately to operate at a profit.

I should like to be sure that the minister and the government, as well as this parliament, will adopt a forward view in respect of the whole question of rationalization and abandonment. Let us look to the future to make sure that the pioneers still moving into certain

areas today will have an efficient railway system at least until the end of the twenty first century. That is the kind of thinking which existed 100 years ago and I do not see why in 1967 we should not adopt the same kind of vision which existed in 1867. The people of those days did not get bogged down in semantics or make excuses for themselves because they did not have legal opinions or commissions to study the situation. A handful of brave men with visions, courage, imagination and energy built the great railway lines across this country which by and large have served us well. In a few notable areas these railway lines have not served the people well, and as an example I refer to the Athabasca area which has been served very badly.

Great steps were taken by the former administration under the present Leader of the Opposition. The Pine Point railway line was built under that administration and from the day the steel reached Hay River the line has made a magnificent profit. No company anywhere in Canada would suggest that that line be abandoned. It was built for a specific purpose. In northern Alberta today there exists the richest vein of salt in the world; yet there is only one small salt well in operation. Table salt for the world could be supplied by this area if there were an efficient transportation system between Saskatoon and Lindbergh. This would eliminate the necessity of hauling salt an extra 323 miles.

The Deputy Chairman: Order, please. I hesitate to interrupt the hon. member but he is now making general observations about transportation. I suggest he confine his remarks to new section 314E which refers to claims for abandonment by transportation companies.

Mr. Bigg: I have in my hand a letter dated January 6, 1967, in relation to the abandonment of the line to which I have referred. I use this as an example to prove the principle in respect of which I am discussing this new section. It is suggested that 28 miles of line between Spruce Lake Junction and Frenchman Butte be abandoned. As a result, instead of having a 40-mile gap in this line there would be a 68-mile gap. This line is owned by Canada so I have a double duty to discuss it.

The reason suggested for abandoning this line is that it does not make money. How could it be expected to make money when it is not an efficiently built line? New section 314E will give the commission the power to abandon this line on the basis of the figures to which I referred a few moments ago. It may be shown that this line has only carried so many tons of freight over this 28 miles. Perhaps no thought will be given to whether or not the very opposite result to that desired will occur following the abandonment of this line. If the gap in this line were filled in perhaps the line would show a profit of thousands of dollars. In addition, the people of this area have for years been promised an efficient railway system. If this commission decides that the line should be completed instead of abandoned, what power will it have to make sure this is done?

We have been talking for about two hours about whether or not an amendment might cause the government to impose a slight, additional burden on the taxpayers. I believe in orderly procedure in putting things through parliament, but I do not believe in withholding the right of certain people to earn a living for 40, 50 or 60 years. In this case I have not had the sense before to stand up and instruct the committee, if that is what I am doing, to tell the commission, the government, Treasury Board and the taxpayers to do something they promised to do but have failed to do to my knowledge for over 40 years.

• (5:40 p.m.)

This new section will give the power to abandon lines, but how in the world can a recommendation be made by the commission to abandon a line which has never been completed and never had the opportunity to operate efficiently and take its place in the orderly development of northeastern Alberta? If that is not relevant under new section 314E, I do not know how or when it will ever be relevant. I know I am not allowed to talk about anything which might result in an additional burden on the taspayer. I could suggest that a certain line is losing money and propose an amendment that would mean that the taxpayer would have to pay, and I would be ruled out of order. But surely it is not out of order to prevent this committee, and through it parliament, giving the commission power to stop the proper use of railroads in our part of the country. I could go on and no doubt would be ruled out of order, to mention the effect of this bill on the trucking industry, the air industry and the shipping industry of Canada. I shall not do that; I shall remain very specific in my remarks.

I hope that when the bill is finally passed the transportation commission will look at the debates and say: This is what the representatives from that part of the country intended. They intended an efficient railroad system and

if the railroads are not able to provide it and make money they are willing to subsidize them, change their freight rate structure or encourage co-operation between them and the truckers.

What I want to do here, and I think this is the only opportunity I will have to do it, is make sure that no railway line is abandoned in northeastern Alberta until all sides of the question have been heard. This subject was raised by the hon. member for Meadow Lake. I think it is necessary to repeat what he said because this part of the country has been cynically neglected. The answer with regard to that part of the country is the same as that which applied to Pine Point, namely, that we wish to have provided the transportation facilities necessary for the development of this agricultural area. When they are, wealth will flow back to this country as it has in respect of other sections of our great land.

When I came to this house the first promise I made to the people of Athabasca was that I would find out why this railroad had not been completed. In this connection I should like to read to the committee a letter received from Mr. C. W. Rump, secretary of the Board of Transport Commissioners for Canada. It is dated January 6 and reads in part as follows:

> As a matter of information, the intention of the board is to await passage of Bill No. C-231 and such provisions respecting abandonment applications as may be in it when it is passed, and then consider the matter in the lights of such provisions.

Here we have a definite avowal that when they get the power to do it they will roll up these 28 miles of railway.

Mr. Pickersgill: The railway is just going to try. The hon. gentleman does not assume that it is going to succeed, does he?

Mr. Bigg: In view of the fact that in 40 years it has not completed the line it promised, I assume it is its avowed intention to roll it up unless this parliament does something now to prevent that happening. The same thing could be said about the line immediately to the north. Half of the great area of Saskatchewan and Alberta lies north of the North Saskatchewan river, and there is no completed railroad link running between these two great provinces. Therefore I do not think it takes very much stretching of the imagination or any great daring to suggest that we should give this experiment in orderly transportation a chance. I am not casting any recriminations in this speech on any government, municipality or vested interest. I merely beg them to make sure that when we are putting powers into the hands of these people the railways will not be able to use silence as an excuse for not doing that for which we have waited 40 years.

The Deputy Chairman: Does this conclude consideration of new section 314E?

Some hon. Members: Agreed.

The Deputy Chairman: We shall now proceed to new section 314F on page 32. Shall new section 314F carry?

Some hon. Members: Agreed.

The Deputy Chairman: Shall new section 314G carry?

Some hon. Members: Agreed.

The Deputy Chairman: Shall new section 314H carry?

Some hon. Members: Agreed.

The Deputy Chairman: Shall new section 314I on page 33 carry?

Some hon. Members: Agreed.

The Deputy Chairman: Shall new section 314J carry.

Some hon. Members: Agreed.

Mr. Pickersgill: Mr. Chairman, I do not think we should attempt to carry the whole of clause 42 because I promised to state my position on the amendment. Perhaps we could allow this clause to stand on the understanding that all the new sections have been dealt with except section 314D to which an amendment was moved by the hon. member for Qu'Appelle. I would like to be able to come back to that section as soon as possible after eight o'clock, if that is agreeable to the committee, because there may be a vote on it.

The Deputy Chairman: Does the committee agree that this clause be stood?

Mr. Churchill: Mr. Chairman, before we reach clause 43 I should like to say a few words. I noticed that the minister a short while ago lamented the fact that we have spent, I think he said, 31 hours on 31 clauses. Looking back to the debate of last week I found that he lamented the fact that we had spent four days on the bill and had not got

very far. It occurred to me that he was adopting the attitude of the Minister of National Health and Welfare who said similar things when he had a bill going through the house. With respect to a bill as important as this, I think the minister is making very good headway despite the obstacles he himself is putting in the way.

I checked to see what happened last week in this debate. On Monday, Tuesday, Thursday and Friday 150 pages of *Hansard* were taken up in the discussion of this bill and on 90 of those pages you will find substantial comments by the minister himself. So if there is any suggestion that the bill is being delayed unnecessarily by the house I think the major portion of the blame must be borne by the minister. I hope that with this cautionary word he will do two things, one, be a better listener and cease to jump to his feet at every opportunity that seems to be offered to him and, two, cease to complain about any delay in getting the bill through the house. I hope that other ministers of the government will discontinue their complaints about delays in passing legislation. When the house is dealing with legislation of major importance we should take time to deal with it thoroughly. The less interference by the minister piloting a bill through the house, the better progress is made in the course of our discussions.

In this respect I speak from experience in the past. Hon. members may recall that the bill setting up the National Energy Board took up nine days in the house. I made no complaint. This is what the house is for. I simply caution this minister not to adopt the pleading attitude of the Minister of National Health and Welfare and not to attempt to persuade the public that the house is not doing its duty. This bill deals with transportation on a major scale and will set the course of transportation for a decade. In view of this I think we do well to examine every clause with the greatest care. I hope the minister will listen very carefully to the discussion and consult his officials whenever he has the opportunity. Instead of telling us that he is not a lawyer, which we know perfectly well, I hope he will consult his legal advisers with regard to changes suggested from this side of the house. This is the way in which this legislation will go through. I think that the house is doing a major and an effective job with this bill.

• (5:50 p.m.)

Mr. Pickersgill: I thank the hon. gentleman for his fatherly advice and I will do my best to follow it.

[Mr. Churchill.]

The Deputy Chairman: Is it agreed that we stand clause 42 with the understanding that we will come back later to consideration of section 314D?

Some hon. Members: Agreed.

The Deputy Chairman: We shall now proceed to consideration of clause 43 on page 37 of the bill.

Clause 43 to 47 inclusive agreed to.

On clause 48—

Mr. Gray (Essex West): Mr. Chairman, I want to say a brief word about an aspect of this clause which is of great interest to southwestern Ontario. As the minister knows, for some years there has been concern in southwestern Ontario about the freight rates for shipping goods from our part of Canada to other parts of the country. Rates for shipments to eastern Canada have been based on a mileage basis and therefore lower rates were being paid from places like Toronto and Montreal to the maritimes than from Windsor. The rates for shipments to the west, however, are based on block rates and shippers from southwestern Ontario have not been able to get rates based on the shorter mileage through the United States to western Canada. The geographical situation, while reflected in rate-making to eastern Canada, has not in the past been equally reflected in rates to western Canada from southwestern Ontario.

This problem has been brought to the attention of various governments of different parties and to various royal commissions on transportation by the southwestern Ontario chambers of commerce and particularly the Windsor, Ontario, chamber of commerce on a number of occasions in the past. I myself have raised this matter in the house both when the previous Conservative government was in office and later after our own Liberal party formed the government. I think it is a departure from the usual practice to raise a matter of this type before knowing exactly what would be the attitude of one's own party. In these circumstances one often finds that members who raise such matters when they were in the opposition do not do so when their party is in government. However, I departed from this practice and brought this matter to the attention of my government in the house. Since that particular occasion I have remained in direct contact with the minister and his department on this important matter.

The freight traffic committee of the Windsor chamber of commerce decided to present a

further brief on this problem to the transport committee of the house while it was studying Bill C-231. It suggested that the freight rate problem in southwestern Ontario could be at least partially solved by a certain amendment to the wording of section 325 which is covered by clause 48 of the bill. I might add that I met with the Windsor freight traffic committee in Windsor to discuss the proposed brief with them before they appeared before the transport committee and in fact assisted them in making arrangements for their appearance before this particular committee of the house.

When the bill was reported to the house the transport committee did not recommend the particular changes to clause 48 requested by the Windsor freight traffic group. Since 1963 the Windsor area and southwestern Ontario generally have benefited from an unparalleled period of economic growth and development. I think that the policies of the present government, particularly the designated area program and the auto pact, have had a lot to do with this. The need for certain changes in the legislation governing freight rates would have appeared more significant had these other government policies which I have mentioned not worked as well as they did. However, more equitable treatment for southwestern Ontario with regard to freight rates would certainly be helpful in assuring the continuing economic health of our area. It deserves some improvement in its presently existing freight rate situation.

As the government has apparently not accepted the specific form of amendment to this clause proposed by the Windsor chamber of commerce to the transportation committee, I ask the minister to indicate just how this bill can be of assistance to southwestern Ontario. It may be that the specific amendment sought by the Windsor chamber of commerce would have been better suited to the regulatory approach of the previously existing legislation which the bill before us is designed to replace and therefore does not fit in with the different philosophy of rate-making and transportation policy which underlies the proposed legislation. It may be that the minister and the department feel that the aim of the Windsor chamber of commerce to get more equitable treatment in freight rates for southwestern Ontario shippers is in fact being met in the present bill although in a different manner from that specifically sought by it. If that is so may I ask the minister to indicate specifically how this is being done.

It is proposed by means of this bill to bring about far-reaching changes in our transportation system to benefit Canadians generally. This bill lays down a transportation policy which will form the framework for this system for many years to come. Therefore it is important for this legislation to meet the aim of southwestern Ontario to get more equitable treatment in the freight rates that have to be paid to ship its goods across Canada.

Mr. Pickersgill: Mr. Chairman, without going into any detail I will say very briefly that the elimination of certain rigidities which exist at present in the law will be of benefit in the particular case of southwestern Ontario and certain aspects of the rate equalization requirements which have not been of benefit to that area which they were intended to benefit and have, perhaps to some degree, been discriminatory in another area, will not be in the bill if it is adopted in its present form. The maximum rate formula will be a substantial advantage in southwestern Ontario but I think the main advantage will be found in the new clause 16, particularly in the form in which it is now couched. It is my view that this will give the shippers of southwestern Ontario a bargaining power with the railways and ultimately recourse to the commission, if they want to have it, which will be more effective than anything in the present law.

Mr. Gray: I have one further question with respect to clause 16 which speaks of a person having the right to apply to the commission. Am I correct in my understanding that under this clause shippers will be able to get assistance from chambers of commerce and industrial commissions in putting forward their case for the removal of any inequities which they feel still exist when the bill goes into effect?

Mr. Pickersgill: I would think that there would be no difficulty.

Clauses agreed to.

Clause 49 agreed to.

On clause 50—

Mr. Pickersgill: I should like to ask my colleague, the Minister of Fisheries, to move an amendment to clause 50. This is an amendment which is very simple in form. It will be recalled by those of us who were in the committee that we proposed an amendment in response to recommendations made to us in the committee to put flour to be shipped

through eastern ports on an equal basis with wheat because it has always been considered to be in the public interest to export our wheat in the form of flour so as to provide the extra earning to the Canadian people.

In the bill which was reported by the committee in its newly printed form the amendment which we now propose was not complete, although we thought at the time that it was, because of some peculiarities in shipping into which I would just as soon not go as I believe that hon. members are not especially interested in those details. The fact was that it would not have established the full measure of equality that we had intended between wheat and flour shipped through eastern ports. It was felt that it would discriminate against mills in western Canada.

• (6:00 p.m.)

I am going to ask my colleague the Minister of Fisheries to move an amendment which, after reciting all the usual verbiage, would seek to strike out line 24 on page 43 of the bill and to substitute therefor the words "east of the 90th degree of west longitude". That is west of the head of the lakes. It means that in the case of flour shipped from the head of the lakes, which I am told quite often is moved by rail rather than by water, as is most of the wheat, the shipment will be governed by the same relative rates as from the Georgian Bay ports. This should have the effect of giving a more assured supply of flour for export through the Atlantic ports and at the same time be equitable to mills in western as well as eastern Canada.

Mr. Robichaud: I move:

That Bill C-231, an act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions, be amended by striking out line 24 on page 43 thereof and by substituting therefor the following: "east of the 90th degree of west longitude;"

Mr. Bell (Saint John-Albert): Mr. Chairman, I want to indicate our support for this amendment. As one who has been interested in flour shipments for obvious reasons, I am glad we now have the whole matter finally unravelled. I know that the milling and shipping of flour is a very complicated subject, even more complicated than the question of freight rates, but I cannot for the life of me find where we went astray in this new bill.

The minister pointed out the importance of this amendment. Like him I am in no position to go into details nor do I have the desire to do so. It is very important that the balance of cost be kept in line so that grain can be milled in Canada and shipped particularly through the eastern ports to the various countries which contract for supplies. I hope that flour shipments are now put in exactly the same position they were before so far as the question of economics is concerned. In fact, I hope this amendment betters it and that even more flour will be shipped. The railways are desirous of shipping all the flour they can. I am also sure that the mills in the west want this business and are probably inactive at the moment. Perhaps the port of Montreal is busy at the moment as a result of the work of icebreakers and does not need the business as much as Saint John, but I would point out we in Saint John are very desirous of this lucrative flour business which assists all aspects of our port activities.

As I understand it, this amendment will affect all flour going through Halifax and Saint John to Cuba and like countries. If the second amendment made to the bill is adopted by the committee, about 50 per cent of our flour shipments would be affected. The present amendment extends protection to the mills in western Canada which supply about half our production. The minister understands our position. As long as shipments of flour at least remain in the advantageous position which existed before, we will have to be satisfied.

Mr. Olson: I want to indicate very briefly our support of this amendment, Mr. Chairman. I commend the minister for making this change in response to the representations made to him not only by several members of the house but also by the representatives of the flour milling industry. As the minister pointed out, a lot can be said about the importance of the amendment in bettering the position of mills farther west. It also provides increased opportunities for the eastern ports. As an indication to the minister of how important this amendment is, I point out it has been calculated that 7 million hundredweight of flour which would have been excluded was in fact moved into the ports of St. John's and Halifax—

Mr. Pickersgill: No, Saint John.

Mr. Olson: Yes, Saint John.

Mr. Pickersgill: I wish it had been St. John's.

Mr. Bell (Saint John-Albert): I don't.

Mr. Olson:—during this past year. If this flour had not been moved and the railways had adjusted the rate, I suggest one of two things might have happened. The western flour mills would either have been prevented from shipping by rail all the way from the mills to these ports in wintertime, the seaway being closed, or another route would have had to be found through the ports on the west coast. In some cases this is not the most economic thing to do. It would also have resulted in reduced activity at ports in the maritimes which I do not think is desirable. In other cases it might have prevented mills in western Canada taking orders to ship to specific points which could be served more advantageously by the same route as used in the past. This is at least of advantage to some regions of the country and I am very pleased that the minister has moved the amendment.

Amendment agreed to.

The Deputy Chairman: Shall clause 50 as amended carry?

• (6:10 p.m.)

Mr. Churchill: No, Mr. Chairman. I was unavoidably absent from the house last Thursday and Friday because of the funeral of the former Lieutenant-Governor of Manitoba. I do not want to enter into a discussion which will involve repetition or debate any subject already dealt with, and you will have to excuse me if I err on that side and advise me if this is the case.

Under clause 50 sections 328 and 329 are being altered. The minister has already made his statement about the Crowsnest Pass rates. I have not had a chance to review all that was said during last week's debate. Though I have advised the minister to listen and not talk, obviously we shall get him on his feet again, which is never difficult. With respect to new section 329, why has there been inserted in that section on page 41 provision for a review after a three-year period of the cost of moving grain and grain products? This will affect the Crowsnest rate and open it for discussion. What is the thinking behind this? Why is a review considered necessary? Why was the three-year period decided on, after considering that particular problem?

Mr. Pickersgill: The hon. gentleman was a member of the government which had a bill all but ready to be introduced based on the recommendations of the MacPherson Commission, on which bill, as I stated, I based a good deal of Bill C-120 introduced in 1964, and I think he will remember that the majority of the commissioners found that the railways were carrying grain under the Crowsnest Pass rates at a loss. They recommended that payments be made out of the treasury to the railways in respect of that loss. That loss was to be verified each year and the payments adjusted accordingly.

Considering that now, at the introduction of this bill, so many years have passed, that we have had so many good crops and that so much grain has been moved, I did not feel that the commission's recommendation would commend itself to parliament. We could not accept the assertion of the MacPherson Commission any longer. The railways maintain that in some circumstances in some years there is some loss in carrying grain.

We as the government were not prepared to make such an assumption. As we had to provide the transitional subsidies anyway for a few years it seemed that the best thing to do was to have the whole matter canvassed over three years which should be a good period to ascertain the facts. If in the opinion of the commission, not of the railways but of the commission, there was a loss, then the governor in council could in his wisdom recommend to parliament that the loss be made up in accordance with the recommendations of the MacPherson Commission. We were not prepared to assume there would be loss.

I think the hon. gentleman understands that this bill specifically reiterates the statutory guarantee of the Crowsnest rates. It goes even further than that. At the request of various witnesses before the special committee, including the government of Manitoba, we inserted subsection 3 of proposed new section 328 of the Railway Act on page 41, which would make the rates to Churchill statutory. Up to now they have been conventional. The rates to Churchill have been the same as the rates to Fort William or Armstrong. It was felt it would be a greater safeguard to the port of Churchill to have these rates made statutory. I thought tha was a reasonable representation and I was very glad to make such recommendation to the standing committee, which accepted it. It appears in that fashion in the bill. All the other rates are in the same statutory form they have assumed in previous legislation right up to the most recent date.

Mr. Baldwin: Mr. Chairman, I wish to refer the minister to what I said previously with respect to the Crowsnest Pass rates and the

action the commission ought to take. I also refer to part of subsection 1 of the proposed new section 329 which reads in part as follows:

—at such level of rates; and the governor in council shall take such action as he deems necessary or desirable on the basis of that report to provide assistance to such railway companies.

I was concerned that under section 24 of the Financial Administration Act no payment could be made under that provision unless parliament authorized it. This is a matter of great consequence. It has been referred to in many speeches in this house and in western Canada, and it is the Magna Carta of the grain farmers of western Canada.

This matter should not be dealt with by way of estimates. I do not think we can change the act. I emphasize to the minister that the government in power in three years' time may wish to reconsider this matter. It may decide to take action and to make recommendations affecting the subsidy to the railways. The losses sustained in hauling grain and the like might be of such a magnitude that the matter should not be dealt with purely on the basis of an estimate before this house. There should be legislation, with the usual provision to refer the matter to a committee for full discussion and the calling of witnesses. There should be a total and complete examination of the subject.

Let me make clear what I am saying. It is not adequate, it is not acceptable and it would not be satisfactory to have an item in the estimates and simply dispose of the matter in this way. The matter ought to be determined by legislation. While this may come up in three years' time, there ought to be some caveat on the part of those representing the western farmers that this matter ought to be proceeded with in the form of legislative enactment.

Mr. Schreyer: Very briefly I wish to comment on the last speaker's remarks. I ask the minister, since the Crowsnest rates are statutory, whether any action taken in future pursuant to new section 329 would necessarily require the government to bring in legislation. Providing financial assistance would in effect modify the existing statutory provisions regarding the Crowsnest rates.

Mr. Pickersgill: I think the hon. member for Peace River is saying that there are two ways to make statutory payments. One way is by having an item in an appropriation bill which comes in by way of an estimate. Such a bill goes through as many stages as any other bill but it is not customary to debate it extensively. Of course I am in no better position than anyone else to say what would be done in a hypothetical situation by some future parliament or at a future session of this parliament. I think it would be difficult for any government to try to put an item in the estimates to deal with the matter in the way which has been suggested unless it happened just before the expiry of parliament and it was done for one year only with an undertaking that the next year a specific bill would be brought in for the purpose. None of us, perhaps fortunately, can tell how those who come after us will behave. We have enough difficulty deciding our own conduct. But I am sure the views which have been expressed will not go unnoticed by any government which has to deal with this matter in the future.

• (6:20 p.m.)

Mr. Barnett: Might I ask the minister whether he learned from his experience while he was leader of the house with regard to dollar items in the estimates?

Mr. Pickersgill: I hope I shall never be too old to learn.

The Deputy Chairman: May I ask the indulgence of the committee in order to make an announcement concerning the proceedings on the adjournment motion?

It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at the time of adjournment tonight are as follows: the hon. member for Skeena (Mr. Howard), Post Office Department—alleged tampering with mail by Hudson's Bay Company; the hon. member for York-Sunbury (Mr. MacRae), External Affairs—India—Reported unjust treatment of Canadian engineer; the hon. member for Kootenay West (Mr. Herridge), Canadian Centennial—Trail, B.C.,—Request for stop by centennial train.

Mr. Pascoe: Mr. Chairman, I think all hon. members from western Canada are pleased that once again the minister has placed on record the statement that there is no thought of changing the Crowsnest Pass rates. However, the following words appear in new section 329 (1):

Not later than three years after the coming into force of this section, the commission shall inquire into the revenues and costs of railway companies...attributable to the carriage of grain and grain products—

I should like to know what is meant by "inquire into the revenues". Is it likely that the commission will accept the figures of the railway companies or will it use a special costing technique to ensure that the figures cited do represent the actual cost and the actual revenue in connection with the movement of grain which, as the minister knows, is substantially more than it was even a few years ago?

Mr. Pickersgill: The commission will, of course, not accept the figures given by interested parties. It will pay attention to the figures put forward by the railways and listen to anyone else who may wish to make representations. But it will have an accounting staff of its own, using the best and most modern techniques. It will be required to reach its own decision.

Mr. Pascoe: Will the figures arrived at by the board be the ones upon which a decision is reached?

Mr. Pickersgill: Undoubtedly.

Mr. Bell (Saint John-Albert): The minister knows that we in Halifax and Saint John are interested in flour and in port parity. Where can we anticipate that an amendment on port parity—

Mr. Pickersgill: Clause 59, I think.

Mr. Churchill: That is simply the repeal of an act.

Mr. Forrestall: One amendment will involve new section 329A where a description is set forth of eastern ports. Would the minister prefer it to come under clause 59?

Mr. Pickersgill: It seems to me that anything of that sort would come under clause 59; I think the expression "eastern port" is defined for the purpose of 329 which relates only to grain and flour.

Mr. Bell (Saint John-Albert): When the minister says clause 59 that is just an arbitrary number because it deals with the repeal of another piece of legislation.

Mr. Pickersgill: We are trying to avoid renumbering all these clauses and there was room to put in another—

Mr. Bell (Saint John-Albert): That is agreeable provided that if a debate ensues and it is necessary to make changes—

Mr. Pickersgill: I will make certain proposals and if the hon. member wishes to make a proposal to amend mine he is perfectly free to do so.

Mr. Bell (Saint John-Albert): Suppose our amendment causes a change in another clause which has already been passed?

Mr. Pickersgill: I suppose we would have to deal with that problem when it arose. If the committee accepted it, it would be the will of the committee.

Mr. Forrestall: We are trying to accommodate the minister by co-operating. We have two amendments and we hope he will accept one of them.

Mr. Pickersgill: Has it anything to do with grain and flour?

Mr. Forrestall: It has everything to do with the export and import of commodities.

Mr. Pickersgill: I do not think it would have any relevance to this clause at all. If it does, the hon. member can make a reservation to that effect.

Mr. Forrestall: We will make a reservation with regard to 329A and let it stand. The minister suggested 59 to avoid renumbering.

Mr. Pickersgill: I hope we shall not have to keep this open. If it has to be re-opened as a consequence of something else, that is all right.

Mr. Nasserden: With regard to 329 did I understand the minister to say that if a government ever found it necessary to bring forward a measure of assistance to the railway companies because of losses on the Crowsnest rates, this matter could be brought before a committee of the house?

Mr. Pickersgill: I cannot possibly say. Three years from today it will be January 16, 1970. The election was in 1965. It would appear to me that this parliament would be ended. The hon. gentleman is almost certain not to be in the next one and even I may not be a member. So it would be foolish of us to try to predict the future.

Mr. Nasserden: I cannot help feeling a little more optimistic about being back than the hon. member is. I believe it would be a good thing if the minister, as the present Minister of Transport, would state for the record his anticipation that when a matter such as this is brought before the house there will be an

opportunity for hon. members to discuss it in committee.

Mr. Pickersgill: It would be my anticipation, it would be my belief, approaching certainty, that unless there were some profound change in Canada any assistance offered to the railways by this parliament for the carriage of grain would be debated at length at every stage and in every possible form.

• (6:30 p.m.)

The Deputy Chairman: Shall clause 50 as amended carry?

Mr. Churchill: Mr. Chairman, I do not like to consume the time of the committee but I wish to save the situation for a member who is on his way here now, flying on wings. I am not sure that the minister answered my question as to why a three year period was selected as the interval before an investigation should be made of the rates on the transport of grain. Is there any particular reason why it should be three years rather than five years?

I do not think the controversy over Crowsnest pass rates should come up within such a short interval as three years because those rates were investigated by the MacPherson commission and I assume they were dealt with at some length when this bill was before the standing committee. We are now discussing the subject again. The bill provides that the rates shall come up for discussion at intervals of three years, which may perpetuate a state of controversy over a matter that should not be considered for a longer period of time.

Ten years ago this summer the problem of wheat, which was the biggest political problem at that time, rested in part on my shoulders. At that time we had a 730 million bushel surplus, with a 500 million bushel crop expected, and a surplus of soft wheat in the province of Ontario. Our exports for 1957-58 amounted to 320 million bushels. I had forecast that we would export 300 million bushels and I recall being laughed at across the country as an inexperienced, new minister who did not understand the grain trade. We all have such experiences. In fact our exports amounted to 320 million bushels. Those days are now long past.

I also recall when I was making an intensive study of the grain trade that I advanced the proposition that the practice of getting unduly alarmed over that trade each year was unsound, and that it should be looked at over a ten-year period. In my studies I noticed the rise and fall in the world demand for wheat, and that over a ten year period the problem tended to solve itself. That has been our experience from 1957 to 1967.

In 1957 nobody could see exports of wheat exceeding 300 million bushels, yet over the last few years we have talked gaily about exporting 500 million bushels. We have increased our acreage under wheat and our crops are larger. We are not concerned about exporting it in the way that we were concerned ten years ago. The reason I mention these facts is that we are incorporating a clause in this bill which says that within three years the Crowsnest pass rates will come up for review.

Mr. Pickersgill: I think the hon. gentleman is misinterpreting the bill. The rates are not going to be up for review. There is going to be no review of the rates. It is just a question of the remuneration to the railways at those rates.

Mr. Churchill: I have not expressed myself as well as the minister has. There is to be no review of the rates. They are to remain static as set in the statute, and assistance may be given to the railways if they prove the rates are uneconomic.

My point is that what has been a long and sustained attack on the Crowsnest pass rates will be revived much too frequently, if this issue is reviewed three years after the coming into force of this legislation. I only hope that the entire preceding ten-year period will be looked at, because it may be found that the railways have made a very substantial profit, due to the quantity of grain they have shipped over the last several years.

With respect to the years 1957, 1958 and 1959, when our exports hovered around the 300 million bushel mark, the railways possibly could have argued, and convinced the MacPherson commission, that the rates were uneconomic. But as I say, I hope the figures for the last several years will be taken into account because the export picture vastly improved during those years.

If the situation were reviewed once in ten years, starting with 1967 as the base year, I think this would be much more satisfactory. The railways might not look at it that way, but my point is that the grain trade should be looked at over a period such as ten years. This would prevent the railways simply picking out a bad year and saying, "This is uneconomic and we need to have financial assistance." If the railways have been making a pile of money in years when we are exporting 500

million bushels of wheat, then the alternative is that they should make some contribution to the treasury in compensation for any assistance they might get, due to a decision by the commission.

I am seeking reassurance that the Crowsnest pass rates will be sustained, but inevitably the whittling away at the Crowsnest pass rates will continue despite the reassurance of the minister. The statute says that, if there is an economic loss to the railways, that loss will be made up by grants from the government, and this means by taxation. When that happens people say, "Why should we be taxed in order to support a business that should be paying for itself?" The controversy will tend to continue, and this new section 329 rather suggests that there is some merit in the case which the railways have put up in the past, to the effect that the Crowsnest pass grain rates were uneconomic. I would urge the minister to consider changing the review period from three years to something like ten years.

• (6:40 p.m.)

Mr. Horner (Acadia): Mr. Chairman, I have been quite co-operative. I am sure the minister would be the first to agree that, while I wished to say something more on rail line abandonments, I stated I would wait until we reached this particular clause. I do not wish unnecessarily to hold up the bill. I know the minister has been very co-operative with the committee. Therefore, by containing myself until we reached this particular clause I thought we might be able to make some progress.

I listened very closely to what the hon. member for Winnipeg South Centre had to say in respect of the Crowsnest pass grain trade, because I realize that when he was a minister of the crown for a number of years he was responsible for this movement and no doubt studied it very carefully. I think what he said about the ten-years provision is very pertinent. The grain trade does fluctuate, and the very fact that a rate has been in effect since 1898 and still is in effect should make it clear to anyone who is interested that it is a proper rate, and we should have the assurance from the minister of the crown that it will remain in effect for years to come.

This section gives me cause for fear, and that is really what prompted me to rise at this time to speak on this particular clause. Without too much ado, I should like to say that I wish the minister would reconsider this three-year period and even withdraw this complete clause. In the time permitted to me I should like to explain to the house my views in this regard. I would say to the minister, first of all, that many people believe this particular clause in the bill is the thin edge of the wedge. Time and time again it has been stated to western Canada that the Crowsnest pass rates are the Magna Carta of the west. This is an accepted view. But if many people in western Canada see what I see in this bill, they will readily conclude that this bill, and this clause in particular, is the thin edge of the wedge with regard to the eventual destruction or removal of the Crowsnest pass rates.

The minister has assured the house that so long as he is minister the Crowsnest pass rates will be in complete effect; but this is not good enough. I do not think the minister will live forever. Also, in the evolution of cabinet ministers one must accept the fact that eventually the parliamentary secretary to the minister aspires to the position of the minister. Then, as has been suggested before in this debate, the minister may aspire to go to the other place. I do not know; but I do know that so long as the minister is in the house we can feel assured that the Crowsnest pass rates will remain. But looking over his shoulder I see the parliamentary secretary. I know his aspirations and I know his views. I know, from a study of the minutes of proceedings and evidence of the committee on transport and communications, that he has said in effect that the Crowsnest pass rates are outdated and are causing the railways to lose money. I do not wish to delay the house by quoting the parliamentary secretary; one has only to read proceedings No. 24 and 27 of the committee reports.

At the time when the officials of the C.P.R. appeared before this committee the hon. member for Kootenay East, who is parliamentary secretary to the minister, said in effect that the Crowsnest pass rates are outdated and that the railways are losing money on them. He said it is high time that the western farmers paid their fair share in moving their product to market. This in effect is what he said. So I hope hon. members will forgive me if I do not place too great an assurance on what the minister said when he stated that, so long as he is minister, these rates will remain in effect. Who knows how long he will be minister, especially when it has been suggested that he aspires to go to the other place?

Mr. Pickersgill: One has to do more than aspire in order to get there.

Mr. Horner (Acadia): One who has been a politician as long as the minister has, and one who is held in such high esteem by the Prime Minister as he is, I am sure can feel confident that his aspirations in that regard will be met.

This is my fear, and my reason for saying that the thin edge of the wedge is in this particular bill. I know the feeling of the railways is that they are losing money, although they have never proved it. How can they prove it? In 1957 the most grain we could move was 256 million bushels. The railways proclaim that under the Crowsnest pass rates they are losing money. Now we are moving 500 million bushels of wheat a year and the C.P.R. is making a bigger profit than it ever has made before, while the C.N.R. is making a larger profit in relation to revenue over cost than it ever has made before.

Lest one think that the railways could move this grain at a loss and still not have it affect their net income, let us see what the C.P.R. had to say with regard to the Crowsnest pass rates. During the committee hearings the officials of the C.P.R. said that the grain moved under the Crowsnest pass rates constituted a tremendous part of their total traffic. I should like to read from page 1966 of the minutes of proceedings and evidence No. 28 of the transport and communications committee—it is significant that they are up to date in this regard:

> This traffic represents the largest single segment of the work performed by the railways. Consequently the payments must provide not only for the shortfall of revenue on variable cost but also on amount in respect of constant cost that is proportionate to the work performed in moving this traffic. Failure to do this would leave the full burden of constant cost on other traffic.

What are they really saying in that quotation? They are saying that the grain trade constitutes the largest single segment of the work they perform. Then the natural question is, how can that segment of traffic double in size without causing a deficit to appear in their returns? Then they go on to say that if they were not allowed to increase these rates the burden of the constant cost would have to fall on some other traffic. Then even if they were losing money under the Crowsnest pass rates, they would have to place that loss against something else and their total loss would increase and move in a direction opposite to that which it has moved in the past number of years.

• (6:50 p.m.)

The losses of the C.N.R. have decreased and the profits of the C.P.R. have increased. I really do not care how the railways show their cost analyses. I would have to check step by step, from the beginning to the end, before being convinced that an operation which has doubled its volume of work is still losing money, even though it may have been losing money at the beginning. That suggestion does not add up in anyone's arithmetic. I am not convinced that the railway companies are losing money under the Crowsnest pass rates. Perhaps the Crowsnest pass rates are too high. It is all very well for someone to say that these rates have been in effect since 1898 and therefore should be increased, but the cost of many things has been in existence since 1898. Let us take for example the moving of earth. When I was a boy, and back in 1898, dirt was being moved by horses.

Mr. Pickersgill: The hon. gentleman was not a boy in 1898.

Mr. Horner (Acadia): I said when I was a boy, and in 1898, earth was moved by horses for the construction of dams and for other purposes. There is no doubt in my mind that with the use of modern machinery today the yardage cost of moving earth has decreased from what it was in 1898. There is no logic in the suggestion that because these rates were set in 1898 they must be too low today. It would be just as good an argument to say that as a result of rationalization, such as envisaged by this bill, and a greater degree of efficiency, the rates are too high.

This bill purports to allow more competition. I am sure this would have a depressing effect on the rates set so many years ago. We have observed the advent of dieselization in our railways systems. We have observed the laying of heavier track and the adoption of heavier ballast across this country on our railway lines. One might naturally assume that longer trains can be pulled by bigger power units. At one time the ordinary track being laid weighed something in the neighbourhood of 85 pounds per yard, but this has been substituted by track which weighs in the neighbourhood of 185 pounds or more per yard. We have observed the doubling of ballast on rail lines across western Canada. Greater loads can be hauled over the same track and in many cases larger trains can be moved on those roadbeds built in 1898. For this reason it would be just as logical to argue that these rates are outdated and should be decreased instead of increased.

We from the west are not arguing that these rates should be decreased, even though we are now moving 500 million bushels of grain as

compared to 256 million bushels for export in 1956-57. We made a bargain and we will stick by it. We observe that on the one hand the government is attempting to stick to its arrangement while on the other it is trying to slide the thin edge of the wedge into this contract which was made for the export of produce in 1898 and reinstated in 1927.

Mr. Pickersgill: 1925.

Mr. Horner (Acadia): What is the purpose of a three-year study and what effect will it have? It will have the effect of creating a slowdown in the efficient movement of grain, in order that the commission will be convinced that the movement of grain is a handicap to the railway companies. If someone came along to me or someone else and said the government intended to make a three year study of my business, and if it found that the business was losing money and said it would pay a subsidy from then to eternity, what would I do during those three years? I would certainly attempt to show that I was losing money. I certainly would not adopt means to provide greater efficiency. I would try to slow down movement of grain, and lose or purport to lose money. Certainly I would show figures which would indicate that I had lost money during the three-year period.

It is my suggestion, Mr. Chairman, that any operation under the circumstances would be slowed down in order to incur a loss during the three years, thus ensuring the payment of a subsidy. That is why I do not like this clause. There is no doubt in my mind that the railway companies are making money by hauling grain under the Crowsnest pass rates. There is no doubt in my mind that following the large-scale abandonment this bill would allow the railway companies will make more money. It certainly will take more than three years to abandon the 1,800 miles of track which is not protected. It will take more than three years to bring about the abandonment of that 1,800 miles of line, from the time of the applications for abandonment which will be allowed following the passage of this bill.

One might assume that if all branch lines were abandoned there could be an efficient transportation system operated, so far as the railway companies are concerned. There would be one line through the prairies in the south and one through the prairies in the north, and the farmers would have to haul their grain distances of up to 100 miles to the main lines. The railways would then be required only to haul the grain to the lakehead or Vancouver.

Perhaps under those circumstances we would have the most efficient possible method of hauling grain. I am sure that if we asked officials of the railway companies whether they could make money under the Crowsnest pass rates following the abandonment of all branch lines, most of them would answer in the affirmative.

An hon. Member: I think that is right.

Mr. Horner (Acadia): Someone said "I think that is right". If the officials would answer in the affirmative, would they not also agree that the abandonment of the 1,800 miles possible following the passage of this legislation would bring about a greater saving to the railway companies operating under the Crowsnest pass rates? I think they would answer in the affirmative in that regard as well. Why then do we need a three-year study before the abandonment of this 1,800 miles of track, and before we know what the benefits of that abandonment will be to the railway companies? Those are some of the doubts I have in mind.

Am I correct in assuming that we are to adjourn for a supper hour between seven o'clock and eight o'clock? If there has been that agreement, Mr. Chairman, I would call it seven o'clock.

• (7:00 p.m.)

Mr. Pickersgill: Mr. Chairman, I wonder whether the hon. gentleman would like to continue until he has used up his half hour, before we adjourn.

Mr. Horner (Acadia): I would rather not. I would rather have some dinner and continue after eight o'clock, although it really does not matter to me.

Mr. Pickersgill: Then, Mr. Chairman, I think there was an understanding that we rise between seven o'clock and eight o'clock.

The Chairman: Order. Shall I rise, report progress and request leave to sit again later this day?

Some hon. Members: Agreed.

Progress reported.

Mr. Deputy Speaker: I understand there has been agreement among the parties that the house will suspend the sitting from seven o'clock to eight o'clock. Is this agreed?

Some hon. Members: Agreed.

Mr. Deputy Speaker: It is so ordered. Does the house agree now to resume the business interrupted a few moments ago?

Some hon. Members: Agreed.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed consideration in committee of Bill No. C-231 to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

On clause 50—*Crowsnest pass rates.*

The Chairman: Pursuant to an order just passed, I do now leave the chair.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 8 p.m.

Mr. Pickersgill: Mr. Chairman, I think there was an understanding that we would go back to clause 42 at eight o'clock. However, I think it would be a little unfair to do that before a few more hon. members have come in to the committee. I would suggest that the hon. member for Acadia should conclude his speech first. Then we could suspend discussion on clause 50 and go back to clause 42.

Mr. Horner (Acadia): Mr. Chairman, before the recess I gave some reasons for my doubts on the necessity for an inquiry by the transport commission into the revenues and costs of the railway companies with regard to the grain movement in general, and the effect of the Crowsnest pass rates upon the revenues of the major railways.

Back in 1957 we shipped 256 million bushels of grain in export trade. At that time the railways claimed that they were losing money on this operation. In the last few years we moved twice that amount of grain but the railways are still saying they are losing money. If that is so, then why do the C.N.R. annual reports show an increased revenue and why do the C.P.R. annual reports show increased profits? The MacPherson commission have completed an exhaustive study of the matter. Since the establishment of the commission, the grain trade has been doubled.

I believe quite sincerely that the establishment of an inquiry into the Crowsnest pass rates should be removed from this bill entirely. It might well be argued that as this rate was established in 1898 it is now outdated. The opposite argument could also be advanced, that because the rate was established in 1898, because of the dieselization, the establishment of the heavy track, the better balance on the track and the larger train movement, the rates should be reduced. This would be quite logical. One only has to look at the pamphlet called The Freight Equipment Catalogue, published by the C.N.R., to see the size of box cars for moving grain that were built at that time. Some of them are still in existence.

At that time the average box car could be loaded with 1300 bushels of grain. This has changed in the last 10 years. Instead of a steel frame box car the railway companies are using a complete steel car moving up to 2000 bushels of grain. Recently we have seen the introduction of a new hopper-type car which will load, carry and unload what is commonly called a continuous stream of grain.

I do not believe that the railways have been modernized to any appreciable degree, and I firmly believe that the recommendations based on the MacPherson commission's report will bring to a halt the process of modernization which has been started in the grain trade.

In this particular clause no reference is made to what should be considered as the total cost of the movement of grain. We considered this question in the committee, where we were told by the railway company that 70 per cent of their costs were variable and that 30 per cent were fixed. These are rough figures only. The bill states that all rates shall be compensatory. In the railway committee we were told that this meant that all rates should cover variable costs. In other words the railways are permitted to set a rate which would amount to 71 per cent of their total costs, and the commission would allow this.

How will the commission judge the costs and the revenues of the railway companies? Will it include all the fixed costs or will it include just the variable costs? Will the railway companies have to prove that the Crownest pass rates are only compensatory? In glancing at this clause it might seem logical to some people that the Crowsnest pass rates should cover the total costs, but it is a well established practice that the volume of trade of a given commodity in a given area shall determine the percentage of the fixed cost so

that the greater the volume of a given commodity that is moved, the greater will be the reduction in the rate, regardless of the mode of transport.

This is why it is necessary to ensure that this clause does not in any way outline what shall be the criteria used by the board of inquiry to be set up by the commission. Will it cover all the costs or will it just set down whether or not the Crowsnest pass rates are compensatory?

• (8:10 p.m.)

The old bill, No. C-120, which the committee studied two years ago and which was not reintroduced under a different number at this session, purported to provide that the Crowsnest pass rates should be compensatory and that the government would allow the railway an extra $9 on the rates—the minister will correct me if I am wrong—to cover the fixed aspects of the cost of moving grain. This bill leads me to believe that 100 per cent of the cost will be provided, and before the bill passes we shall want a better understanding in this regard.

We firmly believe that, if anything, the rate is outdated and in excess of what it should be. We should like to know what costing was used and on what the criteria are based. We firmly believe that in view of the volume of their business with the grain trade the railways cannot be losing money at the present time.

This commission will do nothing but bring about a slowdown in efficiency in the movement of grain on the part of the railways. It will bring about a slowdown of the modernization process which is just beginning to take place in the matter of railway cars and equipment. A study of the C.N.R. freight catalogue indicates that during the last year many means were tried to speed up and effect economies in the handling of grain.

For example, there was the introduction of what is called the prairie schooner, which is a new type of railway car tried last year for the first time, I believe with some degree of success. There was also introduced the covered hopper car which brought about what is commonly known in the movement of grain as continuous flow loading and unloading of grain. These plant modernizations are a key factor in the movement of this commodity.

One fault which can be found with fixing a set rate on any given commodity is that the commodity tends to become isolated from the movement of other commodities. It also limits initiative on the part of the railways in the modernization or speeding up of the movement of that commodity. To a certain degree this is exactly what has happened with these Crowsnest pass rates. As a result of the demand for Canadian wheat in our export markets the railways have realized that they are 25 or 50 years behind the times in their port facilities and railway plant generally.

This proposed inquiry will not be looking into the provision of modern plant or port facilities, or what I might term modern railway tracks across the prairies. Some modernization will be effected as a result of this bill in permitting applications to be heard for the abandonment of branch lines which are uneconomical and out of date. But in my opinion this proposed inquiry comes at the wrong time and will be using outdated cost figures.

The trouble with the MacPherson commission is that it was initiated in 1959 and its report came out in 1961 and 1962. In those days the railways were losing money and it was felt that some scheme would have to be devised in order to put the railways in a better financial state. That is what has happened, and today we find the railways flourishing in this new atmosphere of total transportation. This inquiry will be looking into revenues and costs which are six years old, so certainly no benefit will accrue to the western farmers.

In closing, Mr. Chairman, this clause in the bill is the thin end of the wedge in the matter of the Crowsnest pass rates. Certainly the parliamentary secretary has shown in his questioning of the officials of the C.N.R. and the C.P.R. that he has no respect or love for the Crowsnest pass rates, and believes they should be increased. In effect, eventually this is what will happen under the bill; and I am sure that most farmers across the prairies will view it with a great deal of scepticism.

Clause stands.

On clause 42.

Mr. Pickersgill: Mr. Chairman, I think it was understood that we would now revert to the clause I stood so that I could give the committee the results of my considerations, and I would be glad to do this now.

First of all, on reflection I do not feel I should press the question as to whether or not this amendment is in order. This does not mean that I do not have a little doubt about it, but I do not think it is worth arguing the point. I am quite prepared to have the amendment voted on, if we have to vote on it, at the appropriate time.

However, before we decide whether we do want to take a vote on it I should like to point out one or two things which might have some influence on whether hon. members wish to press the matter to a vote. May I point out that the amendment could affect the following matters. The proposed section 314D (1) at page 29 reads:

In the exercise of its duties under section 314C the commission may recommend to railway companies the exchange of branch lines between companies by lease, purchase or otherwise, the giving or exchanging between companies of operating rights or running rights over branch lines or other lines of railway, the connecting of branch lines thereof with other lines of the company or another company, and the abandonment of operation of branch lines in respect of which no applications for abandonment have been filed with the commission.

• (8:20 p.m.)

I think I indicated in a general way that I believed most of these directions could already be made by the Board of Transport Commissioners. I now find that I was right and that under section 196 of the Railway Act there is a provision for the exchange of running rights, subject to the direction of the board. There is no need to give the commission the power a second time to direct the exchange of running rights. Sections 315 and 316 provide for the interconnection of lines and the exchange of traffic, and permit the board right now to direct that these things be done. The only new things the commission can recommend to the railway companies under the new legislation are the exchange of branch lines—that is, the transfer of property from one railway to another by lease, by purchase and sale—and abandonment, when no application has been made.

If this amendment were accepted its net effect would be to enable the commission to direct that one railway lease a line from another railway, or sell a line to or purchase a line from another railway, or abandon a line the railway did not want to abandon. These are the only new things which could be directed.

It is obvious to every hon. member that a direction in any of these respects would have some monetary significance. It is also clear from the rest of the clause that the only respect in which that monetary significance could be compensated for by the crown would be under part III, where there was power merely to recommend certain things to the governor in council. He might or might not do something, as he saw fit, in the matter.

It seems to me it is better to leave subclause 1 as it is. I also want to say a word about the alternate suggestion made by the hon. member for Springfield, who has suggested a way—it is not dictatorial or directional, and I do not want to use language in any way offensive—to draw the greatest possible attention to this recommendation the commission might make, that one railway should lease its line to another or purchase a line from another, or abandon a line it did not want to abandon. The last of these three contingencies is not apt to happen often, but it might happen. I would be dubious about the enthusiasm there would be for having it happen.

[Mr. Pickersgill.]

I am not prepared to accept the amendment in the precise wording moved by the hon. member for Springfield. I do not expect he believed I would accept it like that, because obviously he had not had much time to reflect on it. But I should be prepared, if it would make it easier for hon. gentleman opposite not to press the other amendment, or if the committee thought it was a good idea, as I do, to amend subclause 3 by striking out lines 27 to 35 inclusive and substituting the following:

Where a recommendation is made by the commission under subsection (1), the commission shall report its recommendation to the governor in council; and, if the recommendation involves one or more railway companies in cost or losses not recoverable under section 314E or is for that or any other reason not acceptable to one or more of such companies, the governor in council may take such legislative or other action as he considers necessary in the public interest.

That, I think, goes a long way. It says that if the commission recommends any of these drastic things affecting the property of one or other of the railways, and the railways do not accept that recommendation, the commission must send it to the governor in council for such action, legislative, or otherwise, as he considers necessary in the public interest. There will be a powerful sanction there, if the commission is the kind of commission which commends itself to hon. members, and I would think there would not be much doubt that its recommendations would be accepted. This would accomplish practically everything the hon. member for Qu'Appelle had in mind in his amendment, without being open to those objections that I, in all conscience, could not accept.

Mr. Bell (Saint John-Albert): May I ask a question? I understood that the request of the hon. gentleman from Springfield for this amendment was predicated on the wording in the amendment of the hon. member for Qu'Appelle, that there be a direction to the board. The minister has said that this would be a financial involvement. What is the sense

of moving this amendment if the minister will not accept the original amendment of the hon. member for Qu'Appelle.

Mr. Pickersgill: The hon. member for Springfield can speak for himself, but I shall also try to speak for him. He suggested his amendment, I think, as a compromise. The government was not willing to accept the amendment of the hon. member for Qu'Appelle. I do not feel it would be proper, as a matter of public policy, to give this commission the power to direct the railways to lease or purchase each other's property, or to abandon lines they do not want to abandon. There is no objection to giving them the power to recommend, and there is no objection to imposing on them the duty of passing their recommendations on to the governor in council, and action being taken by parliament if the governor in council has no power to take action. That, I think, would accomplish substantially everything the hon. member for Qu'Appelle suggests would be desirable, without giving arbitrary powers over property to the commission which, by its nature, is to be independent and not responsible therefore to parliament.

Mr. Schreyer: The minister has not misstated the intention of my suggesion. I sensed that he was not disposed to accepting the amendment of the hon. member for Qu'Appelle and I thought a change along the lines I suggested might go a long way toward meeting the objectives the hon. member for Qu'Appelle had in mind. I must say the amendment proposed just now by the minister goes a long way towards satisfying at least one requirement, that the commission shall report to the governor in council those recommendations made to the railways for rationalization and that, therefore, it is up to the governor in council or cabinet to take the proper and necessary steps to protect the public interest. This seems a welcome amendment.

• (8:30 p.m.)

Other things being equal I would have preferred the minister to accept the amendment put forward by the hon. member for Qu'Appelle, but since he has not done so I can only say that this proposal certainly gives us some chance to salvage as much as possible.

Mr. Bell (Saint John-Albert): We have the minister's explanation on record. My hon. friend from Qu'Appelle evidently cannot be here this evening. Could we not stand over the vote on this until tomorrow? Perhaps I misunderstood his intent, but it seems to me that the whole point of my hon. friend's amendment centred upon this question of direction, and the amendment, to my mind, has nothing to do with direction at all—it is simply the recommendation which is being continued, plus some other provisions. If we could defer the vote, my hon. friend from Qu'Appelle would have the opportunity of deciding whether or not he wishes to press his amendment.

Mr. Pickersgill: It would be preferable if the need to vote on this amendment did not arise. This is the difficulty in which I find myself: One hon. member after another has asked me to stand one clause after another for one reason or another, and I would very much like to reach a determination of some of these things at some stage. I do not want to be difficult, but if it is felt that all we are doing is waiting for the hon. member for Qu'Appelle to record one more vote in favour of his amendment, and that we are going to vote on it tomorrow, anyway, I would just as soon come to a vote tonight and have done with it. If on the other hand there is a reasonable chance that it will not be necessary to call a vote, and that the hon. member for Qu'Appelle, in the light of suggestions I have made in strengthening clause 3 materially in the direction he wishes to go, will not be inclined to press his proposal, then I would be happy to accede to the hon. member's suggestion.

Mr. Bell (Saint John-Albert): I do not want to place any restriction upon what the hon. member for Qu'Appelle may do. I repeat that I do not think this proposal by the minister achieves what he sought to do in his amendment, and this is why I ask that it stand over in order that he may have an opportunity to consider what has happened. I realize that it is not easy to consider all these amendments extensively, but they do deserve a lot of thought. The minister appreciates what is involved.

Mr. Pickersgill: I would have no objection if the committee is prepared to let this stand on the understanding that tomorrow, when we resume in committee, we will take up this clause first and reach a decision without, I hope, a prolonged debate. At least we have on record what I am prepared to do with respect to the suggestion made by the hon. member for Springfield.

Mr. Baldwin: Before we leave this subject, in order to offer the minister something as a

quid pro quo, and show the hon. gentleman how co-operative we are, the committee might like to clear up at least one of the clauses which has been allowed to stand—the amendment to clause 20 and to clause 20A. I should like to speak briefly in answer to points the minister made. As far as I know, no one else has any intention of speaking at any length on the matter.

Mr. Pickersgill: I must say it would be helpful if there were a general disposition to dispose quickly of clause 20 to which an amendment was moved by the hon. member for Port Arthur, and with regard to which I myself have a small amendment to offer in the light of the observations made by hon. members, in particular by the hon. member for Acadia. It would also be most convenient if we could dispose of the proposed clause 20A.

The Chairman: Before the committee proceeds to decide what it will do with clause 20, it might be wise to decide what it wishes to do with clause 42.

Mr. Pickersgill: I understood we had agreed to allow clause 42, with the amendment of the hon. member for Qu'Appelle, to stand until the beginning of proceedings tomorrow. It was further agreed to revert now to the amendment of the hon. member for Port Arthur.

The Chairman: It is this agreement I should like to confirm. The suggestion is that clause 42 stand, with the understanding that when the committee resumes its work tomorrow clause 42 will be the first item to be discussed. Is that agreed?

Some hon. Members: Agreed.

The Chairman: Is it the wish of the committee to revert now to clause 20?

Mr. Pickersgill: To the amendment of the hon. member for Port Arthur. Mr. Chairman, when the hon. member for Port Arthur moved his amendment the other evening the hon. member for Acadia raised a point which concerned me. One or two other members spoke about it; I believe the hon. member for York South said something about it. The point was the relation of this amendment to the Combines Investigation Act. I felt that even though some thought had been given to this matter by my advisers, further consideration was desirable.

[Mr. Baldwin.]

I am able to advise the committee that the officials of the combines investigation branch are altogether in favour of the purpose and objective of this amendment, which they feel is precisely along the lines of their own legislation, but they believe it will be improved if in the second paragraph, where it says the commission shall give or cause to be given such public or other notice of any proposed acquisition referred to in subsection (1) as appears to be reasonable in the circumstances, the words were added "including the Director of Investigation and Research under the Combines Investigation Act".

This would enable the director under that act to intervene in the hearings if he felt there was any reason for doing so. It was also thought it would be desirable, in order to make sure that there could not possibly be any interference with any action which might be taken under the Combines Investigation Act, that instead of the commission giving its approval in these cases it be given the power to disallow.

• (8:40 p.m.)

In other words, instead of giving a positive approval the commission could say "disallow", and so far as I can see in that way any possible conflict between the two would be totally removed. Instead of my asking one of my colleagues to move a subamendment to the amendment moved by the hon. member for Port Arthur, I wonder whether the hon. member for Port Arthur, if the committee allowed him, would substitute this proposed amendment for the one originally offered?

Mr. Andras: Mr. Chairman, I am most agreeable to that suggestion.

The Chairman: Does the committee give its unanimous consent for the hon. member for Port Arthur to withdraw his amendment to clause 20?

Some hon. Members: Agreed.

The Chairman: And to have substituted therefore the new amendment as read by the Minister of Transport.

Some hon. Members: Agreed.

Mr. Bell (Saint John-Albert): Mr. Chairman, I shall only take a minute on this because we have already expressed our interest in the desirability of the amendment. I would point out that it was the hon. member for Peace River and the hon. member for Acadia

who mentioned the possible conflict with combines investigations. I think it would be worth while to repeat some of the objections.

As admitted by the minister himself, the provision seemed to be directed to a certain extent against take-overs in the trucking field by the railways, and it was pointed out that it was a little late to move in this way. We do not have any data on the control which the railways have in the trucking industry, but I for one think it would be quite small in view of the general competition in that field. However this is what prompted the amendment. As the hon. member for Port Arthur said, it cannot be made retroactive, and so we are looking into the future.

This is the first place in the bill where we have given a specific direction to the new commission to start looking into things that are beyond its normal scope of activity. Second and this is a matter of principle, this is the only type of activity upon which we are attempting to restrict the diversification of railway operations. Under the provisions of the Combines Investigation Act all big companies are permitted to diversify their operations; as a matter of fact this is the trend nowadays. In some cases diversification strengthens the economy, but now we are saying that there should be a limit placed upon the ability of our two railway companies to diversify into some other type of activity. But even expressing those two reservations, I may say I am sure we in the opposition will support the amendment.

The Chairman: Mr. Andras moves:

That Bill C-231, an act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions, be amended

(a) by inserting immediately after clause 19 on page 12 of the bill, as reprinted, the following:

Notice of proposed acquisition.

"20. (1) A railway company, commodity pipe line company, company engaged in water transportation, or person operating a motor vehicle undertaking or an air carrier, to which the legislative jurisdiction of the parliament of Canada extends, that proposes to acquire, directly or indirectly, an interest, by purchase, lease, merger, consolidation or otherwise, in the business or undertaking of any person whose principal business is transportation, whether or not such business or undertaking is subject to the jurisdiction of parliament, shall give notice of the proposed acquisition to the commission.

Publication.

(2) The commission shall give or cause to be given such public or other notice of any proposed acquisition referred to in subsection (1) as to it appears to be reasonable in the circumstances, including notice to the Director of Investigation and Research under the Combines Investigation Act.

Objection.

(3) Any person affected by a proposed acquisition referred to in subsection (1) or any association or other body representing carriers or transportation undertakings affected by such acquisition may, within such time as may be prescribed by the commission, object to the commission against such acquisition on the grounds that it will unduly restrict competition or otherwise be prejudicial to the public interest.

Investigation by commission.

(4) Where objection is made pursuant to subsection (3) the commission

(a) shall make such investigation, including the holding of public hearings, as in its opinion is necessary or desirable in the public interest; and

(b) may disallow any such acquisition if in the opinion of the commission such acquisition will unduly restrict competition or otherwise be prejudicial to the public interest;

and any such acquisition, to which objection is made within the time limited therefor by the commission that is disallowed by the commission, is void.

Construction.

(5) Nothing in this section shall be construed to authorize any acquisition of an interest in any other company that is prohibited by any act of the Parliament of Canada.

(b) by renumbering clause 20 on page 12 of the bill, as reprinted, as clause 21; and

(c) by striking out clause 21 and the heading thereto on page 13 of the bill, as reprinted.

Is it the pleasure of the committee to adopt the said amendment?

Some hon. Members: Agreed.

Amendment agreed to.

Mr. Baldwin: Obviously this brings us now to the amendment I moved to clause 20, and I would just like to reply for a few minutes to the objections raised by the minister and by hon. members to my left. The reasons which prompted me to present my amendment, with the support of my colleagues, have not been properly appreciated by the minister and by government supporters.

This is an attempt to place a limitation on the extent to which the government can procrastinate on the appointment of committees. There is no doubt that only through the medium of a statute is it possible to set such limitation on the government.

On today's order paper there appears a proposal to set up a committee to deal with the provisional rule changes which the house passed a year and a half or two years ago, and which will expire at the end of this session. Before that time we must decide whether some of those important rule changes will be

continued, but it is only at this late date that this notice appears on the order paper. The personnel of the committee has not been established and there is no indication when the committee will sit. We may well find ourselves in a position where the committee will have only a month to deal with the important question of rule changes.

This example points up better than anything else the attitude of government, be it this or any other, toward the establishment of committees of any kind; and because of the tremendous importance of this legislation, and the fantastic powers it will give to the new transport commission, it should not be left to the government to say when a committee is going to be established, what terms of reference it is going to have, and when it is to commence its duties.

It is not good enough for members of the opposition to have to come hat in hand to the government and ask, "Will you please set up this committee"? Then, when the committee is set up, it is not good enough that they should have to come hat in hand to the government and ask, "Will you please establish the personnel of the committee?" and "Will you please give its terms of reference so that the committee can start operating?"

This is a procedure which will have to be changed, and my amendment is an attempt to change it in connection with this bill. An objection has been raised with respect to the Senate and its role. But that objection is not tenable, Mr. Chairman. In my amendment I make it quite plain that the members of the committee will be appointed "according to the practice of this house" and that the standing orders of the house "shall prevail with regard to the meetings and acts of the said committee." All that the Senate is called upon to do, as a constituent part of the parliament of Canada, is agree to the fact that there is going to be a committee, which then makes it mandatory on the government to see the committee is established, and with respect to the provision as to secrecy it is the committee, and only the committee, which decides that that is essential.

• (8:50 p.m.)

Under those circumstances how can it be said that there is an inclusion of the other place or a change in the standing orders of this house in this regard when it has been spelled out specifically that this is not the case. I submit that this is not a real argument. Some suggestion has been made by the minister that the government has initiated very valuable and useful recommendations in respect of committees. Reference was made to the defence committee. I am glad to see that the Minister of National Defence is here. If one looks back through the record he will realize that this was a very unfortunate choice. It was the Minister of National Defence who stood up in his place and said consistently that a minister of the crown had the right, if he saw fit, to say that certain witnesses should not be called before a commitee, save with his permission. He also said that the evidence of a certain type of witness must be subject to review by the minister. I think I am paraphrasing fairly accurately what the minister said in respect of these specific points. This was supported by the Prime Minister. I asked the Prime Minister about this, and as I understand it he and the members of the government supported this position. Surely this points up the absolute necessity for placing some curb on the powers of the government with regard to committees and their operations.

Reference was made, I think by the hon. member for Vancouver Quadra, to the public accounts committee as being a prestigious committee which should not be subject to this sort of operation. It is in respect of the public accounts committee that the parliament of Australia has seen fit to provide for statutory terms of reference. For some years I have been in touch with members of the public accounts committee of Australia. From time to time they have courteously sent me copies of their deliberations. This committee, operating under a statute, performs a most valuable function. One of the main reasons for this is the fact that there is no right on the part of the government to curb the establishment of the committee or alter its terms of reference.

In view of this I suggest that what has been said by the minister and other hon. members does not constitute any real valid objection to the points I have raised. In my opinion the government takes the position it does for the same reason any government would; that is, it is a question of power. A government naturally seeks power and has a reluctance to give up any of that power. If this amendment should be passed it would have the effect of taking from the government some of the powers it now holds with regard to the appointment of committees.

Quite frankly in my opinion the government should have the power to establish committees, commissions, and tribunals. I have no objection to that, provided however that this

house is left with the opportunity to scrutinize what these committees are doing in a way which is in no sense inhibited by the government. If this is to be provided, then I have no objection to giving powers to committees, tribunals or commissions. Because this power is not being given in this instance, I have moved this amendment and I suggest that it merits the support of all members who do not sit on the treasury benches, irrespective of their party affiliation. This provides an opportunity for members of this house and this committee to exercise the type of scrutiny over a committee which is essential if the democratic processes are to be maintained.

Mr. Lewis: Mr. Chairman, personally I have the greatest possible sympathy for the objectives of the hon. member for Peace River in moving this amendment, but I find two difficulties which I should like to draw to his attention and to the attention of members of the committee. I am not so much worried, as was the minister the other day, about the fact that if reference to the committee is included in the statute this will mean that the Senate will have something to do with either assenting to it or dissenting from it. That may or may not be an important constitutional question. What does concern me is that when this is enshrined in a statute dealing with a particular subject in a particular way there is a rigidity about it which in my opinion should not exist in respect of parliamentary committees. If it were the desire to change the number of members of the committee, say from 12 to 13 for some valid reason, this could not be done in the same way it could be done in respect of other committees. It would be necessary to introduce a bill to amend the act which set out the actual number of members on the committee. It seems to be this is not desirable.

I believe it should be possible to amend our standing orders in such a way that the standing and special committees could be given more powers than they now may have, if the hon. member for Peace River was accurate in his statement—and I am sure he was, because I always have found him to be accurate—which he made a few minutes ago. But, it seems to me that the solution is not to provide, by a statute dealing with a public body, that a committee be established with a certain number of members on it, because this is where the logic dissolves. There are a good many crown corporations, regulatory, judicial and quasi-judicial bodies which are set up. It seems to me that if this kind of thing is to be done in this case, then the obvious logic is that it must be done in every statute where a body is set up with the kind of power and area of influence which the body set up under this bill has. That does not seem to me to be a logical or sensible way to achieve the purpose the hon. member has in mind, one with which I am sure every member in the house has sympathy.

I would be more in favour of a bill which would set up some machinery to deal with all such bodies. Had the hon. member produced a bill proposing a framework for direction and financial parliamentary supervision over the activities and decisions of all such bodies, that would have made sense to me. However, provision for one committee in one statute, with the rigidity that this involves, is not something which appeals to me.

Mr. Chairman, I have a second and equally serious difficulty with regard to the hon. member's amendment. I think it is undesirable in the extreme to give any committee of parliament power to hear evidence in secret or require, as is proposed by subclauses 5 and 6 of the amendment, that a committee may, and at the request of the witness giving evidence, shall take evidence in private. What this means, Mr. Chairman, is that if I were to appear before the committee, not only may the committee take evidence in private, but if I appear in private and request that my evidence be given in private, the committee must hear my evidence in private.

• (9:00 p.m.)

The subclause goes on to say that the committee—

> —shall take in private evidence whether oral or documentary which in the opinion of the committee relates to a secret or confidential matter.

The next subsection states:

> Where at the request of a witness evidence is taken by the committee in private the committee or member shall not, without the consent in writing of the witness, disclose or publish the whole or part of the evidence.

The other day I asked the value of that evidence. I respectfully suggest to you the likelihood is that evidence taken in private will be the most important evidence, because the kind of evidence that the Canadian Pacific, the Canadian National, the Canadian Pacific Airlines, or some bus company is likely to insist upon being taken in private is precisely the kind of evidence about which this parliament should know or, if hon. members

do not agree with me that parliament should know about that evidence, is precisely the kind of evidence that would affect the conclusion which hon. members might reach.

I personally have no use whatever for the proposition that when parliament or a parliamentary committee is interested in an important issue of public interest, and I say this in broad terms, there is any transaction on the part of a private or public company which should be kept from the members of parliament and the public when that information or transaction is necessary to a proper understanding of the purposes and to a proper appreciation of the public interest involved.

In any case, as other hon. members have experienced, it usually falls within the power of a parliamentary committee to say whether or not evidence which has been asked for should be given. I understand there was a motion before the committee which considered this bill that the Canadian Pacific should produce certain information. There was a vote on that motion and the majority voted that it should not be made to produce that information. If we carry that one step further, by putting this amendment into effect, what we would then have is a situation in which evidence was being produced to 25 members, or whatever the number might be, in camera and in secret, and if every member of that committee carried out the statutory injunction no one else would know about it. If evidence were given under those circumstances the members could not use it and their reports would not refer to it. Parliament would not know about that information and the press would not know about it or should not get a hold of it. That does not mean the press would not get it, but it should not. In heaven's name, what is the purpose of taking that kind of evidence, except to make everyone outside the charmed circle feel that something decisive and important was being kept from them? That is all it would accomplish. It would serve the purpose of arousing suspicions and wonderment instead of giving information and guidance, as should be the result of any evidence taken.

For those two reasons I find it very difficult to support the hon. member's amendment. On the first point I think it is appropriate for us as members of parliament to continue to demand the setting up, of committees where they are required, and to needle the government to that end. When the committee considers changing the rules it should give much more attention in the future to the question of the powers of parliamentary committees, whether they are standing or special committee, particularly along the lines of the objectives intended by the hon. member for Peace River.

In any case, Mr. Chairman, I could not possibly support this amendment which proposes the taking of evidence in private and in secret and prohibits any members of the committee who hear the evidence from disclosing any part of that evidence outside the committee.

Mr. Bell (Saint John-Albert): Mr. Chairman, may I ask a question? Is the hon. member aware that the transportation committee sat in camera day after day in consideration of this bill.

Mr. Lewis: I was not aware of that fact. If the hon. member means that the committee held in camera sittings, taking evidence, that is one thing.

An hon. Member: Oh, no.

Mr. Lewis: It occurred to me that there may be a catch in that suggestion. All committees sit in camera to consider clauses of bills. I would hope that we do not ever take evidence in camera, because all evidence ought to be taken in public so that information and guidance can be given not only to members of parliament but to the public at large.

Mr. Baldwin: I do not attempt to change the hon. members mind. He has presented a very reasonable objection and I respect it, but I think I must point out on the point he raises that it was his last point which separates his approach and mine. Other hon. members of this party agree to an amendment under which a committee would have the power, in the same way the transport commission would have, to change its membership and number of members. I have no objection in that regard. I think the parliamentary committee, rather than the government, should have the right to alter and change its members as it sees fit.

My hon. friend, the learned member for Saint John-Albert, has put the case very well. There have been and always will be committees of this house which will be compelled to take evidence in camera and in secret. What bothers me is that we are being asked to give the transport commission the right to hear evidence in secret, a privilege which the government is not prepared to give to a committee of this house. Why should we have any less powers than the Canadian Transport

Commission, which will have the right to sit in camera to hear evidence secretly and not divulge that evidence?

Surely when a committee has received information of that kind, that information will play a determining part in forming recommendations to be presented to the house, without divulging the information it receives in hearing evidence in private. Surely evidence given by a shipper in respect of conditions under which he is a captive shipper would be very pertinent and useful, but should be withheld because a competitive disadvantage might occur if it were made public. That is the purpose behind this amendment. I wanted to explain my position in this regard, while at the same time giving full credit to the hon. member for the position he has taken.

Mr. Pickersgill: Before the vote is taken perhaps I should just say that for the reason I gave the other day I do not feel I could possibly support the hon. gentleman's amendment. I am sure this house is competent to adopt a standing order which would have exactly the same validity as any statute in preventing the government from frustrating the desire of the house. I believe we must always preserve the position that this house is the master of its own rules.

I am not one of those who want to abolish the Senate, but I do not like that body making our rules. Having made them we would have to seek its consent to change them. What I would find even more objectionable, in view of our long history, would be to require the consent of the crown to change our rules. That is something absolutely contrary to everything that happened in England during the seventeenth century and to the whole struggle for responsible government in this country. For that reason I just could not possibly support the amendment, though I reiterate my support of the objectives set out by the hon. member for Peace River. I also agree in the main with the hon. member for York South about the hearing of testimony in secret.

• (9:10 p.m.)

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

Amendment (Mr. Baldwin) negatived: Yeas, 30; nays, 62.

The Chairman: I declare the amendment lost.

Mr. Pickersgill: I assume, sir, that we will now go back to clause 50.

The Chairman: The committee will now resume discussion of clause 50.

On clause 50—*Crowsnest pass rates.*

Mr. Nasserden: Mr. Chairman, it seems to me it was quite a while ago that we were discussing this clause, and perhaps to place in proper context what we are discussing I should read part of the clause:

> Not later than three years after the coming into force of this section, the commission shall inquire into the revenues and costs of railway companies subject to the jurisdiction of parliament—

And so on. That passage is to be found on page 41 of the bill. A question I asked earlier today and the answer I received from the minister confirmed my fears that this section proposes a greater problem to the welfare of western Canada than the minister will have us believe by his light-hearted reference to the discussion that would take place in the House of Commons in any subsequent parliament that might be considering this whole matter. As I look at this section of the proposed act, I cannot help but feel that it should be removed, because it is unnecessary. I shall try to place on the record the reasons for my feeling this to be the case. If we go back in the past to the time when the Crowsnest pass rates were initiated and guarantees were made to the western provinces and those who produced grain in those provinces, we cannot but realize that at that time the volume of grain being handled, and even the prospect of grain that would be handled by the railways, was indeed a much smaller percentage than it is today. The volume, in terms of hundreds of thousands of bushels, was much less at that time than it is today and much less than it will be in the foreseeable future.

If we consider our railways systems in Canada today, those of us who come from the grain growing areas do not have to consider them very long to realize that the railways have been very, very slow in bringing in changes in the equipment that they use for the handling of grain, and the whole area in which they assemble their carloads at the various points. We realize that there could be a great improvement in this respect.

One of the reasons for the difficulty in this regard has been the fact that we still have relatively small grain elevators across western Canada. Nevertheless, there has not been that change in the composition of a grain handling

car that there should have been in the period we have under review at this time. In considering the history of grain handling in western Canada, another matter we should take into consideration is the automation that has taken place in regard to locomotives, locomotive power and the load that a locomotive will now pull.

Also in this connection I think of the elimination of the many stations that has taken place in western Canada, and the encroachment that will take place in the years ahead. If we consider all these things we cannot come to any conclusion but that the cost of carrying a bushel of grain today is much less than it was at the time these rights were given to those who handled grain in western Canada. While at that time they were considered to be guarantees to the farmers and communities of western Canada, today they have to be considered in the context of this bill, which talks so much about competition. Realizing that this particular section of the bill looks only one way, namely to rising costs, we cannot help but feel that it is unjustified in so far as concerns the conditions that have prevailed in the handling and transportation of grain by the railways over the past several years.

In this connection we must consider what the railways have failed to do in regard to those areas in which lines could have operated profitably over the last 20 years in the communities of western and northern Canada. We must also realize the other factors that enter into the cost, not only in regard to the shipment of grain but in regard to the shipment of other commodities, and the effect this has on the slowing down of the development of certain parts of our nation. To introduce a special section in this bill that would have no effect other than to discourage further the search for and utilization of modern handling facilities in the movement of grain seems to be one of those impossibilities that in the year 1967 in the parliament of Canada should not be considered at all.

As I have said, this section uses the words, "not later than three years after the coming into force of this section." The period is not stated. As I read the section, I gather that one could refer back to any period of time to figure out what the costs have been. The new section continues:

> —the commission shall inquire into the revenues and costs of railway companies subject to the jurisdiction of parliament ... and shall report such revenues and costs to the governor in council and the amount of payments necessary, in the opinion of the commission, to assist such railway companies to meet the costs of operations in respect of the carriage of grain and grain products after the 31st day of December, 1969, at such level of rates;—

• (9:20 p.m.)

When we take a look at the cost accounting which was part of the various submissions from the railways in the years gone by, the failure on their part to substantiate their claims that they have incurred losses in the movement of grain under the Crowsnest pass rates, and the failure of this bill to provide what I believe to be the necessary machinery for parliament to study this matter effectively, we must come to the conclusion once again that this is an open door for the railways to make profits which will affect the welfare of western Canada.

We who come from western Canada do not wish to see a review undertaken every three or five years which would raise the same old divisions which have been raised so many times in the past. I think that it ill-becomes a minister of the government representing one of the historic political parties in this country, which has given lip service to the fact that the Crowsnest pass rates were part of the Magna Carta of western Canada. We do not want to be presented with a clause which would have no other effect than periodically to question the validity of those rates and raise in the minds of people in other parts of this nation the question as to whether the government is indeed subsidizing one section of the country for a particular reason.

I know the minister would like to pass over this matter quickly. He can do so by withdrawing this particular clause because I do not believe it serves any useful purpose. It attacks the very fundamentals of the principle which has been referred to over the years by countless Liberals as the Magna Carta of western Canada. Surely the minister, great Liberal that he is, would not want to attack that principle, coming, as he so often likes to remind us, from the great city of Winnipeg, the gateway to the west. Surely the minister does not wish to be the one to obliterate all the good resolutions of the Liberals before him.

Let us take a look at the advances that have been made not only in transportation but in every other field of endeavour. The parliamentary secretary to the Minister of Transport shakes his head. We all know he is opposed to the Crowsnest pass rates. He is against the unity which they have given to this country. This used to be one of the arguments which the Liberal party supported but which they do not support any longer, as is

evidenced by this clause and by the stand taken by the parliamentary secretary.

We can see that he is a little concerned about this. It will jeopardize his chances of following in the footsteps of the present Minister of Transport when he goes to other pastures. We can understand his concern in that regard but we cannot understand the Minister of Transport, who apparently thinks that the Crowsnest pass rates will jeopardize the rest of Canada. It was those rates which brought Canadians together and which caused the development of the grain-growing industries in western Canada which has been one of the mainstays of our economy. Hon. gentlemen opposite should know better than anyone else the value to this economy of the grain shipments as reflected in the returns during the last two years while they have been in office. Had it not been for that grain trade the financial position of this government and our trading position in the world at large would have been different from what it is at present.

I plead with the minister to withdraw this clause. I do not think it serves any useful purpose. If the railways really think that they will sustain losses at any particular time, they will still have an opportunity to come forward and make that claim. Surely we should not write into the bill a clause setting down that three years from now the whole question should be reopened, and asking the railways to pattern their affairs in the next three years in such a way as to enable them to make a claim on the government of Canada with regard to the handling of grain, and then enabling them to set rates in accordance with the decisions that are made in that regard.

I am surprised that the minister should allow such a clause in the bill at a time when the railways are showing such large profits. No one in this country can seriously suggest that the railway companies are losing money on the movement of grain. If they were to modernize their facilities to a larger extent they could make even greater economies and therefore reap larger profits than at present. If this clause is left in the bill there will be no incentives for the railways to modernize their grain handling facilities and to try to bring about greater economics in that regard. I hope the minister will say that he is willing to have this clause removed.

Mr. Pickersgill: Mr. Chairman, I will not speak at any length but I do think that the hon. member for Rosthern and the hon. member for Acadia have made statements to which I must make a brief reply. I wish to reply in particular to the statement of the hon. member for Rosthern when he suggested that by putting something into this bill the government called into question the Crowsnest pass rates. If anybody called the Crowsnest pass rates into question it was the MacPherson commission and Mr. MacPherson was not a notorious supporter of the Liberal party. In fact he narrowly escaped being the leader of the hon. gentleman's party. He was also from Saskatchewan. Mr. MacPherson, who was appointed the head of a commission by the right hon. gentleman who now leads the opposition, said categorically—and all but one of the commissioners supported him—that the Crowsnest pass rates were not compensatory. He made a recommendation that there should be an annual payment made to the railways because these rates were not compensatory.

This was done by a commission appointed by the last Conservative government. Not only that, but the hon. member for Qu'Appelle and the Leader of the Opposition have both told us that they had prepared a bill to carry out the recommendations of the MacPherson commission; and I know that, of course, because I inherited the bill. I brought in a bill to carry out those recommendations, but then I changed my mind. I decided that I was not going to call the Crowsnest pass rates into question, that instead of saying that they were not compensatory and asking parliament on the basis of the royal commission's report to give compensation to the railways, I would ask parliament to authorize a three-year review to see whether or not they are compensatory, and in that way remove them from the field of doubt.

• (9:30 p.m.)

All hon. members on the other side of the house who have spoken so far, particularly the hon. member for Acadia, the hon. member for Rosthern, and I thought, with slightly less conviction, the hon. member for Winnipeg South Centre, have said that they were confident the Crowsnest pass rates were compensatory. If they are, then why all this worry about an inquiry? Why this worry about having the facts established if hon. members know what the facts are?

I suggest there are three ways in which the railways can be compensated for the carrying of grain. The first is by the rates paid for carrying the grain. If an investigation shows the railways are being adequately compensated, then that disposes of the matter and makes it perfectly clear that the hon. gentleman is as right as he professes to believe he

is. In this case there will be no question about their getting anything, except what they receive by way of freights.

The second way to compensate the railways is to say to them that they will get the Crowsnest rates and that there will be no inquiry. If necessary in that case the railways would have to raise out of the freights they charge for carrying other commodities enough extra to carry the grain. Mr. MacPherson in his report put one proposition that I think was very sound and fair. He said that, as far as possible, freight rates should be compensatory, in other words, that the shippers should pay enough to compensate the railways for the carriage of their goods. Similarly, so should passengers pay enough to cover their carriage. He also said that if, as a national obligation, the railways were required to do these things at less than cost, they should be compensated out of the treasury and that other freight shippers should not be forced to compensate them.

I think that is a perfectly reasonable proposition, Mr. Chairman. I do not believe, notwithstanding the rather snide observations, if I may use that term, which have been made about my distinguished parliamentary secretary, that anyone in this country really believes that we will ever have inarticulate members from the prairie provinces, or that in the foreseeable future any government, even one headed by the hon. member for Rosthern, would be able to repeal the Crowsnest rates. The Meighen government did it and look what happened to them. The rates were put back, and no one has ever touched them since 1925 except to increase their effectiveness and to apply them to other ports.

The only thing we are doing with the Crowsnest rates in this bill is to write in a guarantee of the rates to Churchill. I think that is a good thing. When I was young I belonged to an association called the "On-To-The-Bay Association" and I have always been rather pro-Churchill—all of the Churchills in fact.

Some hon. Members: Oh, oh.

Mr. Pickersgill: Well, perhaps I exaggerate just a little bit, but at any rate I am not anti-any Churchill.

The plain fact is that I do not think any member of their house, if he were to stop to reflect, would be doing the cause of the western farmer any good by suggesting that other freight shippers should have to pay higher freights in order to lower the rates on wheat.

[Mr. Pickersgill.]

Mr. Horner (Acadia): Does the minister really believe that statement?

Mr. Pickersgill: I do not believe any western farmer would be done any service by any member advocating that other shippers should pay higher rates in order to keep the rates on wheat low. I did not say that that was happening.

Mr. Horner (Acadia): The minister is implying that that is happening.

Mr. Pickersgill: I am not; the hon. gentleman should not rush into implications. It is always wiser to listen to the whole of someone's proposition before trying to refute it. What I am saying is that if, as most hon. members who have spoken seem to believe, the Crowsnest pass rates are compensatory, then that will be proven and no payment will be made of any kind.

Mr. Horner (Acadia): Would the minister permit a question. On what figures and based on what rates will it be proven? Will it be proven based on railway conditions existing three years ago, existing today or as they will be seven or eight years from now, after complete modernization of plant and port facilities takes place?

Mr. Pickersgill: The bill prescribes very clearly that for the three years following the coming into force of this act the matter is to be considered by the commission, which will establish its own figures. The commission will not accept the figures of the railways. It will determine whether or not these rates are compensatory.

I was not very much impressed by the argument that the railways will deliberately attempt to be inefficient for the sake of losing money. There is no guarantee whatever in this bill that if perchance it should be shown that the rates were not compensatory the railways would get anything. All the bill prescribes is that a report shall be made to the governor in council, who will take whatever action he chooses.

I quite frankly believe that if, as a result of this study it is shown that the rates are not compensatory, that whatever government may be in office at the time will act within the spirit of the MacPherson report and compensate the railways out of the treasury so that they do not have to be compensated out of freights collected from other Canadians. I believe that is what will happen but that will be a matter for the government of the day to decide.

However, one thing I do know is that no minister of finance worth his salt would ever agree to pay money to the railways if they were demonstrably inefficient. We must remember that every one of these payments to the railways recommended in this bill is to come out of the treasury of the government of the day, which will have to raise taxes in order to make the payments, just in the same way as we now have to raise taxes to pay these huge subsidies. Therefore the government and the minister of finance will have the strongest reasons for seeing that these payments are made only if they have to be made.

• (9:40 p.m.)

The hon. member for Qu'Appelle told the committee this afternoon about how much he had done to get the railways and others engaged in moving wheat to move it more efficiently. In the same way, all the time we are putting pressure on the railways, the elevator companies and the ports and everybody else. Today we are moving quantities of grain, as every hon. member knows, which two years ago we would not have believed possible to move through our ports. We are trying to modernize them in every possible way. That will not be stopped. No government will allow that to be stopped, and the members from western Canada would not allow any government to allow it to be stopped. I am not impressed by the idea that the railways will be allowed to be sloppy, to drag their heels to prove they are losing money. That will not happen.

I do not think any one of us knows for sure what the result of this study will be. That is why it seemed right and proper, in the light of the MacPherson recommendation, to make the study. It would have been wrong—that is why I changed my mind—to accept the position of the MacPherson commission, that there is loss. That is why I would not recommend such a bill to parliament this year. That is the position of the government. It is not reasonable to say that just because we believe the rates are compensatory we should not find out the facts.

Mr. Korchinski: After listening to the Minister of Transport for the last week or so, honestly believing he wanted to do some good with his transport bill, I find his conclusions hard to accept. He says that the MacPherson commission said that compensation might be necessary. In his conclusion he says, "We do not really think that such a thing will follow, as a result of this section."

What is this section for? Let us face it, Mr. Chairman: It is for the advantage of the railways, and nobody else. It is not for the benefit of the farm organizations. Nobody presenting a brief to the transport commission has ever suggested that the Crowsnest pass rate should be tampered with. That rate is statutory and should not be tampered with. What are statutes for? The British North America Act is not to be tampered with lightly. You may touch it, yes, but you cannot do much.

You are not saying that suddenly, as a result of a study, the Crowsnest pass agreement must be thrown out, that the original agreement, the original intent is not valid, is not useful, does not accomplish what it set out to do? Does any section of this act say that there must be other compensation for what the railways have been given? There is nothing like that in the bill. This is a one-sided agreement, an agreement benefiting the railways. I might say, even, that it is for the benefit of the Canadian Pacific, although I believe phases of it are solely and wholly for the benefit of the Canadian National. I think the president must have said to the minister, "Look here, we have a situation that needs looking after."

I do not suppose the Canadian Pacific was even considered. They would not think for a moment of reopening the whole question, going back a hundred years, or as long as is necessary, on the question of what they have got in the past, and the revenues they get today from the crown property they received. Will they let you determine the amount of money they are getting for moving grain?

What money are they getting for grain movements? After reading the section, nobody will know whether the rates are compensatory, whether the rates to be paid to the railways will take into account the operation of the railways, the capitalization of a particular branch, the over-all operation of the entire system, or whether the rates apply to certain portions of operations.

Nobody argues that certain portions of railway operations will not pay for themselves. That is what we have discussed for the last two weeks—for the last two years for that matter. Nobody denies that certain railway operations do not pay for themselves.

I remind the minister that the Crowsnest pass agreement was the Magna Carta that built up the west and built up Canada. It tied to us that part of Canada which might have gone to the United States. The railway bound us together, and let us not forget this. Let not the parliamentary secretary grin, as though he

knows it all. Sooner or later all this will have to sink in.

Until the last couple of years the railways have continuously been harping, as had the newspapers in all Canada—other than the western newspapers, of course—that grain movement does not pay. Surely the parliamentary secretary must have read that at one time. Today one does not hear that, because grain movement is a paying proposition.

We are suddenly told, "Do not fear, nothing will happen; this is merely an accounting process." It is an accounting process for whom? This is an opening for the railways, who keep harping about the Crowsnest agreement. If they say that the 22 cents or 23 cents they get is not compensating them for grain movement, they forget the other aspects; they forget what was given to them under the original agreement.

Nothing in this bill deals with the original agreement. The minister can stand there and talk until he is blue in the face: He will not convince me or any other farmer that he is doing justice to the western farmer. I do not care if he condemns the hon. member for Rosthern, the hon. member for Acadia, the hon. member for Qu'Appelle, or any other hon. member for suggesting that this is not the right approach. The minister knows full well that he has opened the whole question.

Mr. Horner (Acadia): He has opened the whole bill.

Mr. Korchinski: The minister can stand there and say that it is perfectly all right to charge the farmers more, but that it is not perfectly all right to see what he can get out of the Canadian Pacific, for example. He does not mention that. While I might be one of those who might defend the Canadian Pacific, I am not prepared to accept the notion that we should expect our farmers to move their grain for 50, 60 or 70 miles to the elevator, to prove that the railways can make money.

• (9:50 p.m.)

You could bring grain to Winnipeg from every point 400 miles or 450 miles away. The farmers, having paid the additional cost, might well move it to the lakehead. But what have you done to the Crowsnest pass agreement? There are several ways of destroying that agreement. One of them is the way the minister is using tonight. He has opened it up. He wants it to be proven to the public—and public opinion can bring a lot of pressure to bear. I know there are more people in eastern Canada than in the west. But if the minister remembers his words, what he said tonight was that the bulk of the payment for any freight would have to come from the west, anyway, so why would we complain. That is what he said, exactly. It does not matter whether you pay it one way or another: You will have to pay it. That is what he said.

Are we to allow any legislation to erode the Crowsnest pass agreement, or are we not? I cannot stand here and accept what the minister tells us. I cannot for one minute think that the Crowsnest pass must make the grain pay for everything in the west, and then move in other freight over and above—minerals, or lumber or anything else.

I cannot accept the fact that the minister tells us this is nothing, that this is merely an investigation. It is an investigation into what? It is opening a way for the railways to try to prove something to the commission. Whether they postpone this thing for two or three years or whether they start immediately after this bill is passed, it does not matter. The fact is that the reporters will continually harp on this one subject, as they did at the time when there was a suggestion that a transport bill would be passed. Nobody in Canada will convince me otherwise, and I think I follow the press as closely as does any other hon. member, including the minister.

I have not seen much reference to the Crowsnest pass agreement in the last couple of years. One of the reasons is the movement of grain, perhaps a realization that the movement of grain is compensatory. The second is that newspapermen are not going to harp on something which they know they can harp on later, knowing that this legislation exists. Why should any manufacturer in the east have a charge against his final products, when the revenue can be obtained in another way, —through the Crowsnest pass agreement?

Prove to the world that the Crowsnest pass agreement is wrong. Prove to the world that the British North America Act is all wrong, and let us destroy the whole thing. How silly that argument is. Surely there must be some value in the whole thing. I cannot accept the premise that it is all wrong, though there may be weaknesses in it. I cannot accept the premise that we should give the railway companies these gifts, and when the railway companies are given these gifts, that we should not reveal what has happened to the gifts—what revenues they have derived.

The fact is, one must preserve the Crowsnest pass agreement for the benefit of those farmers who have survived because of

it. I am not far removed from a municipality whose potential is not yet fully utilized. There is land there which is still being broken up, land which will produce more grain. Yet no account will be taken of this. We do not realize what fertilizer will do for that country. We do not know what another freight rate will do. Will it stunt the growth of that country? We opened up the best land. We went where we thought the best grain could be produced. From that point on, we had to move into other areas. As the fertilizer became available, new areas were brought under cultivation.

After the war, when machines became available, they broke up that land, and as we were able to absorb the cost, we did it. But if you alter the Crowsnest pass agreement, if we have to pay the full freight rate and on top of that if everything we ship in must travel at the higher rate and everything we ship out must go at the higher rate, I believe we know where to go. I have heard this before under a Liberal government: Join the United States side. Do not think for one moment that this idea cannot be circulated again, and it might be, unless we are prepared to see that this transport is for east and west, for all Canada. This must be a bill for Canada rather than a bill for certain sections, rather than a bill for certain companies.

It is easy for us to ship some of our finished products into the United States, and we may have a ready market. In the past I have asked the president of Massey-Ferguson why they did not set up a plant right in the middle of the west. That is another subject. The point is this: The minister must realize that if this is allowed to happen certain things will come to Canada which I am sure he will not be interested in.

There is a different type of disunity in Canada. There is a certain group which would like to disunite for a different reason. We should not give them that opportunity.

Mr. Rapp: Ten o'clock.

Mr. Pickersgill: I wonder whether there would be any disposition to complete this clause tonight.

An hon. Member: If you remove the clause.

Mr. Pickersgill: Of course that is quite impossible.

Progress reported.

Proceedings on Adjournment Motion

• (10:00 p.m.)

BUSINESS OF THE HOUSE

Mr. Churchill: Mr. Speaker, am I safe in predicting that tomorrow we will continue with the study of Bill C-231?

Mr. Knowles: Tomorrow and tomorrow and tomorrow.

Mr. Côté (Longueuil): Yes, Mr. Speaker, tomorrow we will continue with the study of that bill.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

POST OFFICE DEPARTMENT—ALLEGED TAMPERING WITH MAIL BY HUDSON'S BAY COMPANY

Mr. Frank Howard (Skeena): Mr. Speaker, the other day by way of a question I raised the matter of the activities of the Hudson's Bay Company in handling or mishandling the mail in a certain instance, and subsequently sent photostat copies of the documents I had in my possession to both the Postmaster General (Mr. Côté) and the Solicitor General (Mr. Pennell). The contents of them were also widely publicized because of the intense interest that exists in the matter.

I realize that the Postmaster General may not yet have had an opportunity to inquire fully into that and other matters which were the subject of R.C.M.P. investigation, and thus may not be in a position this evening to indicate fully what course the government is taking. However, following my question in the house the Hudson's Bay Company issued a statement, presumably in Winnipeg.

Although I inquired, I have not been able to obtain a copy of that statement, but I do have with me the references to it which appeared in the Ottawa *Citizen* of Friday, January 13. One of the sentences published by the newspaper relating to the statement was as follows:

> The H. B. C. statement said Mr. Howard appears to have based his charges on a single incident at Fort Chippewyan, Alta., in November, 1965, which has long since been resolved to the satisfaction of both the post office and the complainant.

The interesting aspect of that is that at the outset the Hudson's Bay Company admits its culpability. At the outset it admits there was such an instance and passes it off as being of no consequence because it happened some

time ago. It also passes it off as being of no consequence because, as the statement says, the matter had been resolved to the satisfaction of both the post office and the complainant.

Section 55 of the Post Office Act is singularly clear about holding up the mail or unlawfully opening mail. It states that such a practice is an indictable offence, carrying a penalty of $3,000 or three years imprisonment, or both, if the person involved is found guilty. It seems a strange sort of reasoning for the company to say that because the dispute over the payment of an account that Mr. Martin owed the Hudson's Bay Company had been resolved, this wiped out the responsibility of the company, or its liability to a charge under the Post Office Act for having unlawfully opened his mail. No other two people in society can agree, if one commits a criminal offence, that because they resolve their differences there is no longer an offence. I submit it is fairly clear (1) that there was an offence and the company admitted it and, (2) that it tries to get around the fact that it is guilty, because the matter has been resolved so far as the store account is concerned.

The statement, as it appeared in the Ottawa *Citizen*, mentions that this is an isolated instance. Mr. Speaker, it is not an isolated instance. I put to you the proposition that some few years ago at La Ronge, Saskatchewan, where there is a Hudson's Bay store, although the post office was not contained in the store, nevertheless there was an arrangement between whoever was the postmaster and the Hudson's Bay Company, whereby people who were recipients of family allowance cheques and other similar government cheques picked up their mail at the Hudson's Bay store, and not in the post office. In this way the Hudson's Bay store could engage in the same sort of practice with the people there, by having them turn over their cheques to the company and in this way interfere in the normal activities of the mail.

In this instance in Cando, Saskatchewan, while it is not a Hudson's Bay Company store which is involved, nevertheless the situation existed that persons had to deposit their post office box keys with the store manager so that he could open the box, take out the mail containing the cheques, and wait for the person receiving them to open the envelope and sign the cheque over to him in payment for a bill. While I say that in this instance it is not a Hudson's Bay store, it is indicative of the fact that this practice is more widespread than the Hudson's Bay Company people would have us believe.

While I am not at liberty to disclose the names of the individuals involved, I had the opportunity to listen to a tape recording of an interview in which a woman claimed that the Hudson's Bay Company store manager interfered with her mail. At the present time statutory declarations are being obtained in this regard. It is alleged that when the store manager found out about this he went to this woman in the middle of the night and attempted to obtain a statement from her to the effect that he had not opened her mail.

The people who find these things happening to them are very quiet about them. There may be an element of the responsibility in respect of paying the store bill which is involved, and also the fact that the person concerned will have to go back to that same store and have to deal with this particular manager. They do not wish to jeopardize their credit at the store or their opportunity to obtain food and supplies. This may be the reason that over the years people have remained silent about these practices. At this juncture I think we should urge that these persons make a full disclosure of this sort of practice to the Postmaster General, the Solicitor General, the attorney general in the province or to myself, if they so desire. In this way the type of practice which has been widespread in the north to the detriment of the individuals who have to deal with these stores can be brought to light. While the Hudson's Bay Company is the one company which has been singled out, this practice is not confined to them. Also it is not confined to the one isolated instance in Fort Chipewyan in Alberta as the company would have us believe.

I understand that some time this week at Fort Chipewyan there will be a resumption of the court case involving the store manager. The assault charge in this regard was postponed from last fall. It may be that there will be some extremely revealing information disclosed at this court hearing about this type of practice.

Hon. Jean-Pierre Côté (Postmaster General): Mr. Speaker, I do not intend to become involved in a dispute between the hon. member for Skeena (Mr. Howard) and the Hudson's Bay Company. All I can say at the moment is that there are about 71 post offices up north in these Hudson's Bay Company stores. In many cases these are the only places where we could locate a post office because

there is no other place which could be used as a post office.

I must say that, in respect of any post office, we sometimes have complaints. When complaints are made we conduct the fullest possible investigation. There are some specific points which have been raised in the question of the hon. member for Skeena. This week I intend to give a full answer to the charges concerning Eaton's and Simpson's catalogues, and the matter of the letters and cheques addressed to a person by the name of Martin. I shall try in my answer to be as fair as possible to all parties and indicate exactly what the position of the post office is in this matter.

• (10:10 p.m.)

EXTERNAL AFFAIRS—INDIA—REPORTED UNJUST TREATMENT OF CANADIAN ENGINEER

Mr. J. Chester MacRae (York-Sunbury): Mr. Speaker, I am grateful for the provision in our procedure which permits me to raise a matter in which I am deeply interested and which I raised on Friday last. It concerns litigation involving a Canadian citizen, who is a professional engineer, Geoffrey P. Webb, and The Government of India. Their circumstances of this particular case are as follows, and I want to put them on the record for the first time. I have no doubt they will be raised on many occasions in the future until the situation is resolved.

Mr. Webb served in India for two years as a professional engineer on the Kundah hydro electric project, which is financed through the external aid office under the Colombo plan. Plants three and four of the project, the equipment and engineering services, were gifts from Canada to the people of India. At the end of Mr. Webb's service there in September 1965—some 16 months ago—he followed the normal procedure in such cases and turned his automobile over to the State Trading Corporation of India. I assume he turned over other assets as well.

The State Trading Corporation agreed to pay Mr. Webb 14,508 rupees which were to be converted into dollars at the rate existing at that time. This would amount in Canadian dollars to approximately $3,300. In January of 1966, a year ago, a cheque was issued to Mr. Webb for the agreed amount, and then the trouble began. From that point on it seems to me there began a period of stalling tactics on the part of the government of India. Mr. Webb had a cheque but he could not negotiate it as a result of difficulties put in his way, and could not arrange for a dollar draft to be issued for the 14,000 rupees.

Finally in June of 1966 the rupee, as we all know, was devalued from 4.76 to 7.5 in relation to the United States dollar. At that particular point or within a few weeks the government of India was prepared to pay Mr. Webb for his car at the devalued rate. Because he was not paid in the six month period between the issuance of the cheque and the devaluation he stands to lose some $1,200. So far as I am able to determine this occurred through no fault whatsoever of Mr. Webb. He has been advised on several occasions, directly and through the Department of External Affairs, that he will be paid at the devalued rate. Mr. Webb is not willing to accept less than the agreed price for his car.

The whole transaction could have been completed long before this devaluation, and I feel that Mr. Webb is receiving completely unfair treatment from the government of India. I have not had much experience in matters of this kind, but presumably those members here who belong to the legal profession encounter a good deal more of this kind of thing. It seems to me that if relations between our two nations were not as good as they are, and if India was not a nation to which Canada had given generous help on many occasions, this situation might be understood. We often hear of situations in which people run into difficulties, particularly in matters of immigration, with countries behind the iron curtain. Recently this country sent a very large shipment of wheat to help feed millions of people in India who faced starvation. Canadians are serving in India under the World Health Organization, and in many other ways, to assist them with problems of health and in other fields.

I understand many representations have been made in respect of this case through the offices of our high commissioner to India, but to no avail. I am asking our Secretary of State for External Affairs immediately to bring to bear the full weight of the Canadian government in this matter. I ask that minister, through his parliamentary secretary here this evening, to make the strongest possible representations to the government of India to see that this clear case of injustice is righted.

The facts that I have were not only obtained from this man, but I have here everything documented by our consular division. It confirms everything that has been said by myself this evening and what was said by Mr.

Webb in the first place. This man gave dedicated service in the two years he was in India. During that time he contracted a tropical disease and was very ill, but he stayed in India, met his obligations and complied with the regulations with one very minor exception, namely that he was asked to surrender his passport and declined to do so. I do not blame him at all for this; in my opinion he was quite right.

Our high commission in New Delhi say that they do not believe there is anything more they can do. I could quote a very long paragraph in a letter from the head of the consular division in which they suggest reasons why they cannot do anything more. I am not personally prepared to accept those reasons and I know that Mr. Webb is not prepared to do so. I feel we have to see that the shabby treatment of this Canadian citizen is rectified, and what I am asking now is that the Secretary of State for External Affairs deal with this matter personally and at the highest level to see that justice is done.

Mr. D. S. Macdonald (Parliamentary Secretary to Secretary of State for External Affairs): Mr. Speaker, my first words, after the account given by the hon. member, would be to confirm what he has said. I could tell by listening to the facts recounted by the hon. member that they are the facts as I understand them, and I think I can confirm them. The second observation is a personal reaction of sympathy with this case and the loss that this man has suffered. Mixed with that personal feeling of sympathy is one of disappointment, that after the hundreds of millions of dollars of assistance made available to the government of India by Canada since the Colombo plan started, that country should have failed to make amends to a Canadian ensnared in a maze of petty officialdom. That seems to have been an act of folly on their part. Actions of this kind toward Canadians make the role of the friends of India in this country, and I consider myself to be one, all the more difficult, particularly when a grievance is brought forward by an hon. member like the hon. member for York-Sunbury (Mr. MacRae), who in my experience has been noteworthy in this house for his balance and fairness in debate.

• (10:20 p.m.)

All that being said in a personal vein, perhaps the only further answer I can make at this point in an official capacity is that the government of India has now made its decision. On behalf of the officials of the Department of External Affairs I think I can say with some justification that they have exercised all possible efforts on behalf of this man. At an advanced stage in the transactions referred to by the hon. member the high commission in New Delhi was consulted by Mr. Webb and the high commission immediately contacted the State Bank of India, the entity involved in this transaction, on Mr. Webb's behalf. As a result of the request by the high commission and, we can presume, representations made by them, the State Bank did treat this as a special case, waived the normal requirements of Indian law and authorized payment to Mr. Webb. Unfortunately, by the time this took place the axe of devaluation had fallen or was on the point of falling. The high commission then intervened further on Mr. Webb's behalf, specifically pointing out that the cheque should be paid at the pre-devaluation rate and that the delay was not Mr. Webb's fault. A negative decision by the State Bank was then appealed to the Indian ministry of finance, which ultimately refused the relief on the ground that it was force of circumstances rather than bureaucratic neglect which was the reason for loss.

In summary, from April to October in the year just completed the high commission intervened on Mr. Webb's behalf at different levels on every occasion when the opportunity presented itself, but received a final negative decision.

Perhaps I might point out that in dealing with foreign sovereign states the government of Canada can ask but it cannot demand. In the circumstances it must be the decision of the government of India whether or not it will make an ex gratia payment. However perhaps the representations made by the hon. member this evening may ultimately reach the attention of the government of India, which may possibly have a change of heart. I can assure the hon. member that his particular words will be drawn by me to the attention of the Secretary of State for External Affairs.

Motion agreed to and the house adjourned at 10.25 p.m.

APPENDIX

PROCLAMATION RESPECTING EXTENSION OF MARITIME TRANSPORTATION UNIONS TRUSTEES ACT

[*Translation*]

CANADA

ELIZABETH THE SECOND, by Grace of God of the United Kingdom, Canada and Her other Realms and Territories QUEEN, Head of the Commonwealth, Defender of the Faith.
E. A. Driedger

Deputy Attorney General

TO ALL TO WHOM these Presents shall come or whom the same may be in anywise concern,

GREETING:

A PROCLAMATION

WHEREAS in and by subsection (1) of section 24 of the Maritime Transportation Unions Trustees Act, being chapter 17 of the statutes of 1963, it is provided that the said Act expires on the thirty-first day of December, 1966, unless before that date it is extended to a later date which may be fixed by proclamation of Our Governor in Council.

AND WHEREAS it is expedient that the date on which the said Act expires be extended to the thirty-first day of December, 1967.

NOW KNOW YE that We, by and with the advice of Our Privy Council for Canada, do by this Our Proclamation declare and direct that the date on which the said Act expires be extended to the thirty-first day of December, 1967.

ALL OF WHICH Our Loving Subjects and all others whom these Presents may concern are hereby required to take notice and to govern themselves accordingly.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent and the Great Seal of Canada to be hereunto affixed.

WITNESS: Our right Trusty and Well-beloved Counsellor, General Georges P. Vanier, a member of Our Most Honourable Privy Council, Companion of Our Distinguished Service Order upon whom We have conferred Our Military Cross and Our Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this thirtieth day of December in the year of Our Lord one thousand nine hundred and sixty-six and in the fifteenth year of Our Reign.

By Command,

Jean Miquelon
Deputy Registrar General of Canada

HOUSE OF COMMONS

Tuesday, January 17, 1967

The house met at 2.30 p.m.

FINANCE

BANK OF WESTERN CANADA—SUSPENSION OF SHARE LIMITATION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would ask the Minister of National Revenue whether it is a fact that the Treasury Board ruled in favour of suspending the 10 per cent limit on the amount of bank shares which may be held under one ownership as far as the Bank of Western Canada is concerned. Are the directors of this company Sinclair Stevens, Coyne and others? What is the reason behind this unilateral concession, and under what authority was the ruling made to suspend the provision until July 1, 1967?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Since this is a very involved question, I should like to take it as notice.

Mr. Diefenbaker: The minister will take it as notice. Will he take a further question as notice and tell us what is the proportion of shares presently owned by British International Finance of Toronto. Is the *Globe and Mail* correct in its assumption that this company, having given certain undertakings at the time of its incorporation, now will have in excess of 50 per cent of the shares of a bank which was supposed to be one with the interests of western Canada at heart?

Mr. Benson: Mr. Speaker, I would also like to take this question as notice but I want to say I am not responsible for what the *Globe and Mail* says.

Mr. Diefenbaker: That sentence should end with the word "responsible".

MEETING IN BRITAIN OF FINANCE MINISTERS RESPECTING INTEREST RATES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I would like to direct a question to the Minister of Finance concerning a meeting which is to be held next week end in London at the invitation of Prime Minister Wilson, at which the United States, Germany, Italy and France will confer with the British government regarding escalation of interest rates and explore ways and means of achieving a rational and timely easing of monetary conditions.

In view of Canada's great interest in this connection and the repercussions which the meeting may have upon the Canadian economy, is Canada to be represented at this conference and has she been invited?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, as reported from Washington yesterday, the finance ministers of the United States, Britain, Germany, France and Italy have been invited by the British government to meet in Britain next week end to discuss, among other things, the level of interest rates in the United States and Europe. In Europe and North America interest rates have risen to very high levels in recent years, reflecting the heavy dependence placed by these countries on the use of monetary policy to restrain inflationary pressures. I am happy that in recent weeks there has been some decline in interest rates.

The meeting is at the initiative of the British Chancellor of the Exchequer, who has presumably invited those countries whose domestic interest rates have the greatest international influence. The Chancellor of the Exchequer, Mr. Callaghan, sent a personal note to me so there would be no misunderstanding about the purpose of the meeting. The Secretary of the Treasury of the United States telephoned me to advise me along the same lines. It is desirable that countries should co-operate closely to harmonize their economic policies, and we in Canada will naturally keep in close touch with these developments.

Mr. Douglas: As a supplementary question, in view of the effect this will have on the Canadian economy may I ask the minister will Canada at least have an observer at the conference, or is any machinery set up by which we will be kept fully informed as to any decisions which may arise from the conference?

Inquiries of the Ministry

Mr. Sharp: Mr. Speaker, I have been kept very fully informed both by the Chancellor of the Exchequer and the Secretary of the Treasury in the United States. Mr. Debré spoke to me about the conference when he was here the other day, and both the chancellor and the secretary of the treasury have said that as soon as the meetings are over they will keep me fully informed about the outcome and upon what, we hope, will be a good result.

Mr. E. Nasserden (Rosthern): As a supplementary question, Mr. Speaker, I would like to ask the Minister of Finance if this is another case where the United States will speak for Canada.

Mr. Speaker: Does the hon. member for Red Deer wish to ask a supplementary question?

Mr. R. N. Thompson (Red Deer): Yes, Mr. Speaker. In replying to the Chancellor of the Exchequer and the Secretary of the Treasury of the United States did the Minister of Finance indicate that it would be well if Canada were represented also; or does he imply that the interest rate problem in North America, to which the minister referred, is strictly the responsibility of the United States?

Mr. Sharp: Mr. Speaker, as I said in my answer to the hon. member for Burnaby-Coquitlam, the principal factor affecting the international level of interest rates, which of course become reflected in Canada, are interest rates in Europe and the United States, and we do hope these countries will co-operate in such a way that interest rates generally will come down because this will have a very good effect in Canada.

[*Translation*]

PUBLIC SERVICE

PROPOSED BONUS FOR BILINGUAL CIVIL SERVANTS

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister.

The government has accepted the principle of the bonus for bilingualism and has decided to grant a 7 per cent bonus to bilingual civil servants. Could the Prime Minister tell us when the government intends to pay this bonus to bilingual employees, and will there be any retroactivity in this regard?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the regulations have been laid down to deal with the matter of compensation for employees where a knowledge of both languages is important. I will have to look into the latter part of the question concerning where these regulations do or will apply.

[*Later:*]

Mr. Pearson: I might inform the hon. member that I have learned now that the bilingual bonus, in those cases in which it is effective, has been made retroactive to October 1, 1966.

HOUSE OF COMMONS

OMBUDSMAN—REQUEST FOR INFORMATION CONCERNING APPOINTMENT

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the right hon. the Prime Minister. A few weeks ago the Prime Minister mentioned that before long he would be announcing a policy relating to the establishment of the office of ombudsman. In view of the fact that a majority of the provinces have indicated that in their current legislative sessions they will be providing for such an office, does the Prime Minister have any statement to make in this regard at this time?

Right Hon. L. B. Pearson (Prime Minister): Not today, Mr. Speaker. I hope in a day or two to be able to make a short statement. I do not believe the majority of the provinces have decided to appoint an ombudsman, although some provinces have. This is a very important question in its relationship to the provincial and federal governments. This is one aspect of the matter which we are considering.

CANADA LABOUR CODE

APPLICATIONS FOR DEFERMENT RESPECTING RAILWAY WORKERS

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, yesterday I asked the Minister of Labour whether all applications for deferment, particularly in the field of railway running trades workers have been dealt with under the Canada Labour (Standards) Code hours of work section. The minister said he might be in a position to give an answer today.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I am advised that this matter has been under discussion for some time.

My departmental officials have had discussions with the railway companies and unions

in order to try to work out an accommodation of hours which would conform to the code and which at the same time would not bring about any substantial variations in take home pay. It is very difficult to reach a definite conclusion at this time.

The discussions I think have been constructive up to this time, but a vote by some unions is now being taken on the question of the recent wage negotiations. I can assure the house that the matter is being treated as one of urgency.

EXTERNAL AFFAIRS

VIET NAM—PEACE EFFORTS OF INTERNATIONAL CONTROL COMMISSION

On the orders of the day:

Mr. David Lewis (York South): Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs. This arises from some answers he gave yesterday and from a television interview I think last night. At that time the minister stated that the international control commission had been discussing the possibility of the commission being used to promote negotiations for peace in Viet Nam, but that at the present time this discussion had ended or had resulted in failure. May I ask the minister whether the refusal or failure on the part of the United States to end the bombing in North Viet Nam is one of the reasons or the major reason that Poland could not agree that the present is the appropriate time to take such steps?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, that is not the only reason for the position that country has taken with regard to the usefulness of the commission, which it feels ultimately may be useful. It is a fact, however, that Poland is among those countries which feel there should be an unconditional cessation of the bombing prior to action being taken by the north.

Mr. Lewis: May I ask the minister whether Canada has taken the position that there should be an unconditional cessation of the bombing of North Viet Nam as a prelude to the possibility of negotiations for peace, or has Canada's position been the opposite?

Mr. Martin (Essex East): The position we take in this matter, of course, has nothing to do with the fact that up until now there has not been full agreement concerning when the commission might be used to meet the objectives we have in mind.

Mr. Starr: What is the position?

Mr. Martin (Essex East): My hon. friend asks what is our position. In a matter of this great importance I should have thought the hon. gentleman would have recognized that this commission, on which Canada has served now for 12 years, is one of the channels which might be thought to be most capable of serving the purpose that Canada, India and Poland believe ultimately must be served.

Mr. Starr: What is the position?

Mr. Martin (Essex East): The position Canada takes with regard to this matter is that we have supported the statement made by Mr. Goldberg of the United States, which advances the position very considerably.

Mr. David MacDonald (Prince): A supplementary question, Mr. Speaker. In light of the fact that Victor Moore, Canada's representative on the I.C.C., is returning to Canada shortly, and in view of the uncertainty in the minds of many about the continuing usefulness of the I.C.C., I wonder whether the minister would recommend that Mr. Moore be called before, the external affairs committee, even in camera, so we might have a much better understanding of this problem.

Mr. Martin (Essex East): I think my hon. friend would be in error in concluding that the international commission even now does not enjoy the opportunity of playing a constructive role in this difficult situation. If there had been no commission I am sure we would not have been able to maintain the contacts on both sides which we have been able to maintain.

Mr. Moore was in Hanoi, going there on January 6. He left Hanoi yesterday and will shortly be returning to Canada. After he has made a report one will be in a better position to deal with the question just asked.

However, Mr. Speaker, I should doubt very much that it would be in the interests of ending this war for us to have public disclosure of all these matters. I think the time has come when it should be recognized that in this kind of situation more might be gained by quiet diplomacy than by other methods which have been pursued by certain other people.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I have a related question for the Secretary of State for External Affairs. Would the Secretary of State for External Affairs request Canada's representative on the commission to look into the reported murder of prisoners of

war, including women and children, by the Viet Cong and by the North Vietnamese, so that we may have a report on the matter?

Mr. Martin (Essex East): Yes, sir.

INDUSTRY

PROVISION OF ANTI-POLLUTION EQUIPMENT ON CANADIAN CARS

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of National Health and Welfare. Before I pose my question I should like to tell him how happy are his friends on this side of the house that he escaped what could have been a very serious accident and is safe today. It is safer in the air than on the road.

Before the recess the minister said he would examine United States regulations relating to pollution of the air in cities as they pertain to the clean air package which is to be mandated into cars to be built and imported into the United States. In view of the pollution problem in our own cities, can we in Canada expect similar regulations to protect Canadian cities this year?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I thank the hon. member for his good wishes, which I noticed were not unanimously shared even by members on this side of the house.

Some hon. Members: Oh, oh.

Mr. MacEachen: I do intend to have a word with the Minister of Industry on this point, and I will answer the hon. member's question at a very early date.

Mr. Grafftey: Mr. Speaker, I should now like to pose a supplementary question to the Minister of Industry. In view of the fact that the industry has stated that in Canada these features would be extra cost optionals only —that is, these clean air package features—and in view of the fact that the Minister of Industry has said he would make representations to the industry, may I ask him whether he has done so and can now assure the house and the Canadian people that these clean air package features will be standard equipment in cars in Canada in the future, as they will be in the United States?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I have not yet had the opportunity of carrying out my undertaking to have discussions with the industry.

[Mr. Nesbitt.]

Mr. Grafftey: Then I can only ask both ministers to see that these considerations and discussions are carried out with dispatch before it is too late—

Mr. Speaker: Order, please.

Mr. Grafftey:—and the population in the cities of Canada are faced with a *fait accompli.*

LABOUR RELATIONS

MARITIME UNIONS TRUSTEES—APPEARANCE BEFORE HOUSE COMMITTEE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Labour. In view of the recent extension of the authority of the maritime transportation unions trustees for a year, and in view of the interest of many members of this house, members of trade unions and other people in the activities of the trustees, will the trustees be asked to appear before the House of Commons committee on labour and employment in the near future?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I thank the hon. member for having given me notice of this question. Unfortunately I got it just as I was coming into the house and have not had a chance to consider it fully. I think there is merit in the suggestion. I understand the trustees are now working on their annual report for the year 1966; in fact I have received a letter to this effect within the last two weeks. While I cannot make a definite commitment because the board of trustees have to be consulted as well as the chairman of the house committee, I think there is merit in the suggestion made by the hon. member. When the annual report is available, as I hope it will be at a relatively early date, it will be tabled and distributed. Since the board of trustees are responsible to this house I would hope that some arrangement could be worked out along the lines of the suggestion made by my hon. friend.

Hon. Michael Starr (Ontario): Mr. Speaker, I have a supplementary question to the Minister of Labour. If the report does not contain anything more than the last one it will not take very long to complete it. Would the minister also prevail upon them to be frank in their disclosures and answers to questions of committee members when they are here next time?

FISHERIES

REPORTED DISTORTIONS IN TELEVISION PROGRAM "HARVEST OF THE SEA"

On the orders of the day:

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, I have a question for the Minister of Fisheries. Has the minister received a letter from the Fisheries Council of Canada protesting gross inaccuracies in a C.B.C. documentary entitled "Harvest of the Sea"? If so, what steps is he taking to protect the fishing industry from further distortions of this kind?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, as I happen to have seen this program on television on the evening of January 3 I must admit that it had many serious inaccuracies and distorted facts regarding the position of the Canadian fisheries in the centennial year. I did receive representations from the Fisheries Council of Canada and from some of its agencies raising very strong objection to this particular program.

I understand that a tape and transcript of this program have now been secured by officials of the department, who are reviewing the text and will make known their comments to the proper authorities.

Mr. Donald MacInnis (Cape Breton South): A supplementary question, Mr. Speaker I would ask the Minister of Fisheries whether "the proper authorities" include the Secretary of State in her responsibility.

Mr. Robichaud: This will be decided later, Mr. Speaker.

[*Translation*]

TRANSPORT

MONTREAL—USE OF FRENCH IN RAILWAY SERVICE

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I have a question for the hon. Minister of Transport.

Since the Canadian National Railways are not governed by any specific regulation with respect to bilingualism, and in view of the fact that several regrettable incidents have occurred lately on Canadian Pacific Railways in the Montreal area, would the hon. minister advise the railway companies—including the C.P.R.—to finally recognize the bilingual character of Canada in our centennial year, and to set down effective regulations in this regard for the benefit of passengers?

Inquiries of the Ministry

Mr. Speaker: Order. I feel this is a very broad question and the hon. member will probably want to bring it up at ten o'clock.

Mr. Allard: At ten o'clock, Mr. Speaker.

[*English*]

PUBLIC SERVICE

SUPERANNUATED FEDERAL EMPLOYEES—REQUEST FOR INCREASED PENSIONS

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker I have a question I would like to ask the Minister of Finance. Can the minister say whether a decision has been reached on the long standing proposal to increase the pensions of superannuated civil servants; and if so, will this increase be added to the pension or made by way of a cost of living bonus?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, it is my understanding that this question has been referred to a committee of this house.

COMMITTEE CONSIDERATION OF PENSIONS OF RETIRED EMPLOYEES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to direct a question to the President of the Treasury Board. Can he tell us when the meetings of the joint committee on the public service of Canada will be resumed so we can conclude our work on the collective bargaining legislation and proceed to our discussion of the pensions of retired civil servants?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, of course it is the responsibility of the chairman of the committee to decide when the meetings will be held. I hope they will be held in the very near future so the three particular bills may be completed, and the committee may proceed to consideration of the matter to which the hon. member referred.

Mr. Knowles: A supplementary question, Mr. Speaker. May I ask the hon. member for Ottawa East, in his capacity as chairman of the committee, whether he knows when our meetings will be resumed?

Mr. J. T. Richard (Ottawa East): Mr. Speaker, I am very glad the hon. member asked me that question. I thought he was aware that I expect we will resume our meetings next Tuesday.

Inquiries of the Ministry

FINANCE

LETTER TO MINISTER FROM NATIONAL CITY BANK

On the orders of the day:

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I should like to answer the question put to me yesterday by the hon. member for Qu'Appelle, who asked whether there was in existence a letter written a month before the Minister without Portfolio (Mr. Gordon), who was then minister of finance, met with Mr. Rockefeller and Mr. McFadden. I have examined the files and spoken to my colleague the Minister without Portfolio.

Mr. Starr: Which one, the one on the front benches or the one further back?

Mr. Sharp: The only letter on file from the First National City Bank to the minister of finance is dated two days before the meeting that took place on July 18, and it simply confirms that an appointment had been made.

[*Later:*]

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I should like a clarification of some points in the answer by the Minister of Finance concerning the alleged letter written by the First National City Bank of New York. Did I understand the minister correctly when he said he had only searched his records for one month back, or did he search them a little further back than one month.

Mr. Speaker: Order. I have my doubts regarding the propriety of this question. The hon. member is now engaging in argument with the minister. I do not wish to stand in the way of the hon. member obtaining information, but perhaps this question should not be pursued too far.

Mr. Hamilton: Mr. Speaker, there is an urgency about this particular question because this group of people are bringing a brief before the standing committee next week. In view of the rumours which are flying around in financial circles that there is evidence on their side which has not been made available to us we would like to know what we will have to face. My question requires a simple yes or no answer. I am not trying to cause trouble to the minister, but did he simply search his files for the last month or did he search them further back?

Mr. Sharp: We searched diligently through the files, and the only letter we could find addressed to the Minister of Finance by the First National City Bank was the letter to which I have just referred.

May I add also that I was a little puzzled by the reference to the existence of such a letter in Mr. Gordon's book. This gave me the pleasure of reading the book again, and I found no such reference.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): That is the first time the minister has had any pleasure in reading anything by the former minister of finance. If I did nothing but that I would have made a wonderful contribution.

I should like to ask the Minister without Portfolio, who has been blushing here unseen and unheard, whether he was correctly reported in the statement that strong pressure was brought against him when he was minister of finance to bring about an alteration in the decision of the Canadian government regarding the rules which would be applicable to the Mercantile Bank.

Mr. Speaker: I do not think the question is in order. I do not see how this question can be asked of the minister in his present administrative capacity.

An hon. Member: He does not have any.

Mr. Diefenbaker: I am sure the minister has an all-comprehensive capacity as a member of the cabinet. I believe he was ready to answer my question.

Mr. Speaker: This is what I was afraid of. Is the Minister without Portfolio rising on a question of privilege?

Hon. Walter L. Gordon (Minister without Portfolio): On a question of privilege, Mr. Speaker, may I be permitted to say how pleased I am to know that the right hon. gentleman has been spending so much time reading my book. I thank him.

Mr. Diefenbaker: I am glad to learn that my inference yesterday was well founded.

Mr. Hamilton: May I ask one more question of the Minister of Finance. The letter from the National City Bank to which the minister referred indicated that it confirmed an appointment, so there must have been some sort of contact between the National City Bank and the Minister of Finance in order for this appointment to be made. Did the letter originate with the National City Bank or the Minister of Finance?

Mr. Speaker: Obviously this is argument. I do not see how the hon. member can suggest this is a question. Again, perhaps I could allow the minister to answer this question and then we could go on to another one.

Mr. Sharp: I think it is quite clear from the file and also from the text that this appointment had been made orally. This letter to the former minister of finance begins:

> This will just reconfirm an appointment with you for twelve o'clock noon on Thursday, July 18, as arranged by Mr. Rasminsky.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to ask the Minister of Finance and Receiver General if he would reply to the question I put to him yesterday as to whether he has received representations concerning the Mercantile Bank from the Chase Manhattan Bank which is also presided over by a member of the Rockefeller family?

[*English*]

Mr. Sharp: Mr. Speaker, I am very anxious that I should answer these questions accurately, and the search of the file has not been completed.

[*Later:*]

Mr. Hamilton: May I ask one short question of the Minister of Finance. Now that he has read a part of that letter, would he table it?

Mr. Sharp: I will be happy to do so.

HOUSING

INQUIRY AS TO AMENDMENT OF LEGISLATION

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Minister of Labour. I would like to ask the minister whether he has any announcement to make to the house in regard to amendments to the National Housing Act to alleviate the shortage that exists. Has he any new approach or announcement to make now, or will such an announcement be made before the conclusion of this session?

Hon. J. R. Nicholson (Minister of Labour): I think I stated the other day that this matter was being studied and that, if and when the government had any change of policy to announce, it would be announced.

Mr. Winkler: On a supplementary question, Mr. Speaker, can the minister tell us whether the announcement will be made in the very near future, before the conclusion of the current session?

Mr. Nicholson: I am hopeful that certain changes in the act will be introduced if not during the present session then early in the next session.

Mr. Heward Grafftey (Brome Missisquoi): Mr. Speaker, I have a supplementary question to the Minister of Labour. Yesterday in answer to a similar question he announced that symposiums and conferences were to be set up across the country. Have these symposiums and conferences been given a date before which they must report their findings to the minister and to the government.

Mr. Nicholson: Public conferences do not have to report to anyone. The provincial governments concerned and the federal government are inviting the mayors and reeves of municipalities, the heads of housing authorities, representatives of investment firms and others interested to gather in provincial capitals—although in one or two cases the meetings will take place elsewhere than in the capital cities—to discuss problems related to housing. The provincial and federal governments wish to have their views. We hope that some constructive suggestions will emerge from the nine or ten conferences that have been planned. The dates have been fixed for all of them, although the date for the meeting that is to be held in Manitoba has not been confirmed as yet. The meetings are jointly sponsored by the federal and provincial governments concerned.

IMMIGRATION

ADOLF VON THADDEN—REPRESENTATIONS RESPECTING ENTRY

On the orders of the day:

Mr. L. R. Sherman (Winnipeg South): I should like to address a question to the Minister of Manpower and Immigration. In view of the announcement made early this week that the University of British Columbia student association has invited Adolf von Thadden to speak in Vancouver later this month and in the light of the uproar which has arisen as a result of the purported invitation to von Thadden by the C.B.C., I should like to ask the minister whether he received any representations asking him to intercede in that matter and to prevent the appearance of von Thadden in this country.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, I received representations at the time the C.B.C.

invited von Thadden. Since that time I have not received any further representations. I heard the rumour that the student organization wishes to invite von Thadden. I am checking at present whether in fact this invitation has been extended.

Mr. David Lewis (York South): May I take it from the minister's answer that von Thadden is not yet in Canada?

Mr. Marchand: Just before coming to the house I heard an interview over the radio during which it was said that von Thadden was somewhere in the Canary islands. Therefore I presume he is not in Canada, unless he made an unregistered arrival.

SPORTS

SKIING—SHORTAGE OF FUNDS FOR NATIONAL TEAM

On the orders of the day:

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, yesterday the hon. member for Kootenay West addressed a question to my parliamentary secretary based on what he described as the very unexpected and distressing news that the national ski team of Canada is running out of funds and will have to return to Canada before the international ski competitions in Europe have been completed.

In view of this news report I asked that a review be made of the fitness grants given to the Canadian Amateur Ski Association this year. I was assured that the association received the financial assistance it had requested from the federal government for the European competitions. Yesterday the director of the fitness and amateur sports directorate telephoned Mr. Pierre Alain, the president of the Canadian Amateur Ski Association to verify the situation. Mr. Alain confirmed that there was no financial problem and that the team could complete its tour as originally planned.

While I am on my feet I should like to support the statement made by the hon. member for Kootenay West with respect to the magnificent performance of Miss Nancy Greene, who will be returning to Canada and to whom we will have an opportunity to pay an appropriate tribute in this country.

Some hon. Members: Hear, hear.

[Mr. Marchand.]

CANADA PENSION PLAN

REPORTED DIFFICULTY RESPECTING DEDUCTIONS FOR PART TIME FARM HELP

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): I should like to direct a question to the Minister of National Revenue. In view of the difficulty experienced by farmers during 1966 in calculating and reporting contributions under the Canada Pension Plan for part time help, is the department seeking to find some simpler way of doing this so the problem will not be experienced again in 1967?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): In order that contributors to the Canada Pension Plan may receive credit for their contributions, no matter where they work during the year, some record of course is necessary. There is a limited exemption with respect to farmers, and the department will be looking at the experience of this year. Of course the government will be considering what alterations are necessary to the Canada Pension Plan as it presently exists.

Mr. A. D. Hales (Wellington South): I should like to ask the Minister of National Revenue if he has found any system yet whereby employers' over-contributions will be repaid to them.

Mr. Benson: I have indicated several times previously that what we are going to do is look at the results of the reports put in by employers, which are due I believe by February 28 of this year, under the Canada Pension Plan. When we have received those, we will look at this general problem knowing its true nature and extent.

HEALTH AND WELFARE

FAMILY PLANNING AND BIRTH CONTROL—INQUIRY AS TO LEGISLATION

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): I should like to ask the Minister of National Health and Welfare if he can inform the house when we can expect legislation arising from the report of the committee looking into family planning and birth control.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, I am not in a position to indicate when any legislation will be forthcoming. The subject matter of the committee report is now under consideration by the department.

[*Translation*]

TRANSPORT

DORION, QUE.—INQUIRY AS TO REPORT ON LEVEL CROSSING ACCIDENT

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I would like to put a question to the hon. Minister of Transport, whom I wish to congratulate for his splendid performance in piloting his bill.

Here is my question: has the minister received a report from Mr. Fortier or a member of the Board of Transport Commissioners concerning the Dorion tragedy, and is he in a position to give the reference order for the federal inquiry to be instituted, which reference order might cover the whole problem of grade crossings?

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): I was so busily engaged in my magnificent effort yesterday that I was not able to personally examine Mr. Fortier's report. I am afraid I cannot answer the rest of the hon. gentleman's question.

[*Translation*]

BANKRUPTCY

PRUDENTIAL FINANCE CORPORATION—EFFECT ON SUBSIDIARY INSURANCE COMPANIES

On the orders of the day:

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I have a question for the Minister of Finance.

In view of the financial disaster of the Prudential Finance Corporation and its subsidiaries, are Canadian citizens who have insured their properties through that institution entitled to full compensation in case of fire?

Mr. Speaker: Order. I do not think this question is in order.

TRADE

TEXTILES—EFFECT OF POSSIBLE IMPORTS FROM AUSTRALIA

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to put a question to the hon. Minister of Trade and Commerce.

Further to the recent statement by Australian manufacturers about glutting the Canadian market with textile products, is it the intention of the minister to get in touch with the government authorities of that country to prevent such grievous harm to the Canadian textile industry?

[*English*]

Hon. Robert Winters (Minister of Trade and Commerce): I am not familiar with the background of this question, so I shall have to take it as notice and give an answer at a later date.

GRAIN

FLAX—STATEMENT ON REQUEST FOR OPEN QUOTA

On the orders of the day:

Hon. Robert Winters (Minister of Trade and Commerce): Perhaps I could answer the question asked yesterday by the hon. member for Medicine Hat concerning quotas for flaxseed. I discussed this question with the wheat board, and they informed me the present quota for flaxseed is eight bushels per seeded acre, and is the same as the quota in effect at this time last year. The wheat board has informed me also that the present quota on flaxseed of eight bushels per seeded acre is, in their opinion, at the appropriate level in relation to existing market demand.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Gilles Grégoire (Lapointe): I have a question for the right hon. Prime Minister. Can he assure the house that the new political party which calls itself the Bulldog party will be given full opportunity to express its views on the C.B.C. network, and especially on the French network?

Mr. Speaker: Order.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I have a question for the right hon. Prime Minister.

Is the right hon. Prime Minister aware that a new political party has been formed within the federal civil service, going by the name of Canadian Bulldog party, where we find people who are greater advocates of separatism, I am told, than those we have in Quebec?

Now then—

Mr. Speaker: Order. I believe the question has been put previously and the question—

Mr. Caouette: No, Mr. Speaker. The question raised a while ago was aimed at finding out whether Canadian Bulldog party members would be admitted to the French network of

the C.B.C. This is not at all what I want to ask the right hon. Prime Minister. Here is what I want to know: will the civil service tolerate, within its organization, such a political faction which definitely wants to promote disunity in Canada and to break with the French-Canadian element?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): I think it would be quite inappropriate to form a Bulldog party inside the civil service, or indeed any other kind of political party.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Monday, January 16, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: When the committee rose last evening clause 50 of the bill was being discussed. There was an understanding that when the committee resumed today clause 42, together with the amendment by the hon. member for Qu'Appelle, would be the first item considered.

• (3:20 p.m.)

On clause 42.

Mr. Hamilton: Mr. Chairman, my amendment has been discussed considerably. I do not think anything either side can add would do anything, and I suggest that we take a vote to see where the committee stands.

Mr. Pickersgill: I think the hon. member's suggestion is very good.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I suggest we proceed at once to determine the feeling of the committee with respect to the amendment, for which I regret I cannot vote.

Some hon. Members: Question.

The Chairman: Order, please. When subclause or section 314D of clause 42 was discussed the hon. member moved the following amendment—

Mr. Starr: Order, please.

[Mr. Caouette.]

The Chairman: The hon. member for Qu'Appelle moved to amend clause 42 as it relates to proposed new section 314D subparagraph 1 by adding after the word "to" which appears in line 6 of page 29 the following "or direct as it sees fit".

Amendment negatived: Yeas, 64; nays, 79.

The Chairman: I declare the amendment lost.

Mr. Pickersgill: I wonder if I could now ask if it is agreeable to the hon. member for Springfield that I ask my colleague the Minister of Justice to move the amendment, based on the suggestion the hon. gentleman made, to paragraph 3 of clause 314D of the Railway Act. The amendment would strike out lines 27 to 35 inclusive on page 29 of the bill as reprinted and substitute the following words. I do not know if hon. members want me to read it; if not, perhaps the Minister of Justice might move it.

Mr. Cardin: I move:

That Bill C-231, an act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions be amended by striking out lines 27 to 35, inclusive, on page 29 of the bill, as reprinted, and by substituting therefor the following:

(3) Where a recommendation is made by the commission under subsection (1), the commission shall report its recommendation to the governor in council; and, if the recommendation involves one or more railway companies in cost or losses not recoverable under section 314E or is for that or any other reason not acceptable to one or more of such companies, the governor in council may take such legislative or other action as he considers necessary in the public interest.

The Chairman: Is the committee ready for the question?

Mr. Hamilton: On division.

The Chairman: Shall the amendment carry?

Mr. Hamilton: On division.

Amendment agreed to on division.

The Chairman: Shall clause 42 as amended carry?

Mr. Pickersgill: I think the hon. member for Nickel Belt wishes to speak.

Mr. Fawcett: Mr. Chairman, I have an amendment to section 314D. I furnished the minister with a copy. Before I formally move it I wish to explain to the committee its purpose. The amendment would form subclause 6 of section 314D. I have a limited number of

copies in English and French which could be passed around to hon. members.

It has been brought to my attention that there is a deficiency in this bill with respect to dislocation costs for employees when branch lines have been abandoned. Looking over this bill it seems that only as subclause 6, an additional subclause to section 314D, can this amendment be included.

The amendment deals with section 182 of the Railway Act, which reads as follows:

The company shall not, at any time, make any change, alteration or deviation in the railway, or any portion thereof, until the provisions of section 181 are fully complied with, nor remove, close, or abandon any station, or divisional point nor create a new divisional point that would involve the removal of employees, without leave of the board; and where any such change is made the company shall compensate its employees as the board deems proper for any financial loss caused to them by change of residence necessitated thereby.

• (3:30 p.m.)

It has been ruled that this section of the Railway Act does not apply in cases of branch line abandonment, and this was recognized in the drafting of Bill C-120. It is possible that not many members of the committee have a copy of the old bill handy. But I will read to them what appears on page 5 of Bill C-120. Clause 6(3) states as follows:

Where the operation of any line of railway is to be abandoned pursuant to an approval under subsection (1) of this section or paragraph (b) of subsection (3) of section 314B, the company shall compensate its employees as the board deems proper for any financial loss caused to them by change of residence necessitated by such abandonment.

On the opposite page of the bill there is an explanation of the new subsection (3) as follows:

Section 182 of the Act at present provides, *inter alia*, for the compensation of railway employees for financial loss incurred by them through changes of residence necessitated by a deviation or alteration in a line of railway or by the abandonment of a station or divisional point.

It has been held that this provision does not extend to the abandonment of a branch line. The proposed subsection (3) would apply the requirements of section 182 with respect to such compensation to the case where the abandonment of a branch line necessitates the change of residence.

I should like to put a little more on the record in connection with this subject. In course of doing so I would refer to Bill C-48 which is in my own name—an act to amend the Railway Act (Responsibility for Dislocation Costs). Hon. members will understand that this measure reinstituted a previous bill, and Bill C-48 is in language identical to that of previous bills on the subject. I should like to read from the report of the standing committee on railways, canals and telegraph lines, dated December 20, 1963, on this particular private member's bill. It reads as follows:

Complying with an order of the house of June 27, 1963, your committee has given consideration to the subject matter of Bill C-15 (later, Bill C-48), An Act to Amend the Railway Act (Responsibility for Dislocation Costs), and has heard evidence from representatives of the railways, from officials of various brotherhoods of railway employees, and from Mr. Howard Chase, a former member of the Board of Transport Commissioners.

The committee was favourable to the subject-matter of Bill C-15 and commends it to the house and the government; and to further clarify our views on the situation relating to the subject-matter, the committee recommends that:

The government give consideration to amending section 182 of the Railway Act to ensure the rights of railway employees in those cases where abandonment, merger or co-ordination between railways, or the closing or near-closing of terminals and shops or the introduction of "run-throughs" is undertaken by the management.

The committee would prefer that such matters as adjustment, compensation, re-training arrangements, and other ameliorations of the dislocation be a matter of negotiation between management and the employees legitimate bargaining agencies but it recognizes that a strong encouragement to such means of settlement will ensue when section 182 is read in such a legal way as to offer firm protection to the employees.

This is evidence that a former standing committee of the house, a committee comparable with the present transport committee, supported this action and unanimously agreed that it should be incorporated in railway legislation.

This does not involve as much as might appear on the surface. I do contend, however, that even if there is only one man affected by this question of compensation to employees whose interests are harmed by the abandonment of railway lines and so forth, some provision should be made for his compensation. I would refer briefly to the recommendation of Mr. Justice Freedman who agreed that some method of compensation should be worked out in the case of people whose affairs were dislocated because of technological change. The abandonment of branch lines is, in a sense, the result of technological change.

As I say, the number of employees affected would not be great. Not long ago I questioned Mr. Gordon before our standing committee. I asked him how much maintenance of rail work was carried on in connection with these branch lines at the present time, and how many employees were involved. I recall that Mr. MacMillan answered me. At this point I can only paraphrase what he said. He agreed

with me that there were very few permanent employees involved in the maintenance of way on these lines. The great proportion of this work was carried out by floating gangs which work for one or two days a week on one branch line and for a day or two on another.

As a result there are not many permanent employees working along these lines but, as I have said, if there is only one he should be entitled to compensation. We must take account of the fact that if a section crew or a section foreman is established at some point where a branch line is abandoned, the value of their property, if they have property, would be considerably reduced. They will have to sell at a loss and then incur a much higher cost in establishing themselves in new homes. This is one of the reasons for the recommendation of the former standing committee that some compensation should be paid to employees affected in such circumstances.

I do not intend to drag this out any longer. My proposed amendment, moved by myself and seconded by the hon. member for Winnipeg North, reads as follows:

That Bill C-231 be amended by adding in clause 314D after sub-clause (5) thereof, the following as sub-clause (6):

(6) Notwithstanding anything in section 182 of the said Act, where a company makes any change, alteration or deviation in its railway or any portion thereof or abandons any portion or branch line thereof which results in loss of employment by any of its employees either directly or through the exercise of seniority, the company shall compensate such employees as the commission deems proper for any financial loss caused to them by change of residence or loss of employment necessitated thereby.

My arguments in favour of having this provision included in the bill are substantiated by the fact that it was included in the old bill, No. C-120 It was recognized that provision should be made for employees dislocated as a result of branch line abandonment. This position was supported by the former standing committee, and I would appreciate it if hon. members would now give full consideration to it.

• (3:40 p.m.)

Mr. Pickersgill: Before you put the amendment, Mr. Chairman, I would ask you to consider whether it is one which it is competent to a private member to move on this particular bill. The hon. gentleman was quite correct in saying a similar clause was included in the bill which I introduced in 1964, but that bill in many respects was dissimilar to the present one. My reason for not including a provision of this sort in the present bill should be apparent to all hon. members. Certain developments have taken place since that time. My colleague, the Minister of Labour, indicated that he was considering other measures of a similar character and therefore it was decided that this bill should not include any provisions with respect to labour relations.

For that reason I submit that the amendment is beyond the scope of the bill and seeks to extend the scope of the bill. I also maintain that in seeking to extend the scope of the bill, if it were to be at all effective there would be expenditures which certainly are not contemplated in the bill and would constitute a charge on the treasury without there being a message from the crown in that connection. For those two reasons I ask Your Honour to consider whether the amendment is appropriate.

Mr. Knowles: Mr. Chairman, not having anticipated that this point of order would be raised I do not have before me the terms of the resolution that preceded the bill. The minister is making the broad assertion that the amendment exceeds those provisions, and I think at some point we should have a chance to look at the wording of the resolution. I know that we dealt with the resolution a long time ago, last August or September.

Mr. Pickersgill: It was August 29.

Mr. Knowles: As to the point that the amendment involves an expenditure of money and therefore is beyond the power of a private member to propose, I would point out that the amendment requires the company, not the government, to compensate employees for any loss that may be sustained. Therefore, the minister cannot argue that this is a matter involving expenditure out of the treasury.

Mr. Pickersgill: I think the simplest thing would be to read the resolution which is to be found at page 787 of *Votes and Proceedings* for August 29. It reads:

That it is expedient to introduce a measure to define a national transportation policy for Canada suited to modern transportation requirements and to establish a national transportation authority to effect the objectives of the national transportation policy; to provide for new methods of fixing freight rates and for the rationalization of branch lines of railway and passenger train services; to authorize the payment from the Consolidated Revenue Fund by way of assistance to permit of orderly adjustment to the new freight rate structures and the removal of other forms of assistance to railways; to authorize the payment of assistance from

the Consolidated Revenue Fund to railway companies where they are required to maintain uneconomic branch lines or passenger train services in operation for the public good; to authorize payments to maintain the prevailing level of At and East freight rates on grain; to permit certain grants to be made from the Railway Grade Crossing Fund for a further period of three years beyond January 31, 1967; to authorize agreements relating to the carriage by rail of Her Majesty's mail and members of the Canadian Forces and police travelling on Her Majesty's service; to provide for the administration of commodity pipe lines, extra-provincial motor vehicle transport and water transport within the context of the national transportation policy. and to provide further for other matters consequential upon or related or incidental to any of the foregoing.

It will be seen from the terms of the resolution that it is quite comprehensive but also quite specific, and it would seem to me, sir, that it would not include this particular kind of amendment under any of the heads contained in it. For that reason I think Your Honour should consider whether or not the amendment is in order.

Mr. Knowles: Mr. Chairman, I thank the minister for reading the entire resolution into the record. Meantime I too have found it in *Hansard* for the same date at page 7743, and I would like to direct Your Honour's special attention to the last phrase in the resolution:

—and to provide further for other matters consequential upon or related or incidental to any of the foregoing.

I realize that when the government drafted the resolution it put those words in there to protect itself in case something was wanted in the bill that was not specifically spelled out in the earlier parts of the resolution, but surely that protection works both ways. If that protection for something that is "consequential upon or related or incidental to any of the foregoing" is available to the government, it is also available to private members of the house. One of the things covered in the resolution is the rationalization of railway services and I do not think it can be denied that the amendment moved by my colleague from Nickel Belt deals with something that is consequential upon rationalization of railway services.

The minister raised two points. One was that the proposition in the amendment goes beyond the scope of the resolution. I argue that it does not go beyond it by any stretch of the imagination. The words are clear that there can be in the bill "matters consequential upon or related or incidental to any of the foregoing." The proposition advanced by the hon. member for Nickel Belt is not something *de novo*; it is something that is consequential upon changes of policy by the railway companies.

The other point that the minister tried to make was that the amendment would involve the expenditure of government moneys and therefore was not open to a private member to move. I point out that the amendment calls for the companies to compensate employees. I remind the minister that it has been quite possible to have such things as labour code legislation and so on presented to the house without a prior resolution because where legislation requires companies to make payments, even the Canadian National Railways, that is not regarded as money out of the public treasury.

• (3:50 p.m.)

I submit, therefore, Mr. Chairman, that neither point raised by the minister is a valid objection to the proposition that is before us. Apart from all this, I am a little dumbfounded, after all that has been said about the virtues of the Freedman report and all the praise which has been heaped on it, that the minister would raise any objection to this amendment. This is something which ought to be debated and I hope we will have that debate no matter what happens. I submit that in any case you should have no difficulty, Mr. Chairman, in finding that this amendment is neither beyond the scope of the resolution nor does it call for the expenditure of government money. I suggest, therefore, that it is clearly in order.

Mr. Pickersgill: Although I do not attach as much importance to this as I do to the question of the scope of the bill, I might remind the hon. member, in respect of the second point that when the present Speaker was Deputy Speaker I sought to make the same argument the hon. gentleman has made in respect of an amendment having to do with the Expo Corporation. At that time, notwithstanding what I thought was a very eloquent and logical argument on my part, Mr. Speaker, who was the then Deputy Speaker, decided against me. He decided that it would be a charge upon the Expo Corporation. He ruled the proposed amendment out of order notwithstanding the fact that the government itself was seeking at that time to make the amendment.

If that was a good decision, then surely a charge of this kind in its ultimate effect would be against the treasury so long as the Canadian National Railways do not make a

profit. I do not regard that argument as being as strong as the argument about the scope of the bill. I should like to direct the hon. gentleman's attention to the wording of the amendment itself where it says:

Where a company makes any change, alteration or deviation in its railway or any portion thereof—

That does not deal simply with branch line abandonment or rationalization; it deals with every aspect of the railway system. It seems to me that, ipso facto, that is beyond the scope of the bill. Certainly it is not as a consequence of any of these other specific matters which are referred to in the bill.

The main reason I did not include the rather limited amendment which I proposed in respect of Bill C-120 is that after that bill was introduced the situation did seem to be altered by the report of the Freedman commission. Also because of the experience at that time it seems to me that this is not an appropriate matter to be dealt with incidentally under transport policy. It seemed to me that the whole question of labour relations and its consequences upon employees would be dealt with more appropriately by the Minister of Labour. For that reason I decided I would not attempt to deal in this bill with one very small part of the field but would leave the matter to the Department of Labour which department we know at the present time is giving consideration to it.

Mr. Knowles: Mr. Chairman, may I make just one point in respect of the continuing argument of the minister that this amendment would cost money. The point I should like to draw to Your Honour's attention is that when the government's labour code was before the house in 1964 I, as a private member, moved an amendment to the effect that the number of statutory holidays be increased by one. The addition of that holiday cost the Canadian National Railways money.

An hon. Member: And the C.B.C.

Mr. Knowles: Yes, the C.B.C. and a number of other emanations of the crown as well. Nevertheless it was accepted as being in order, voted upon and passed. Even some of the powerful corporations affected did not appeal to the courts on the ground that it was invalid because a private member moved it.

Mr. Pickersgill: The hon. gentleman knows there could not be an appeal to the courts.

Mr. Knowles: I suggest that this argument is much more valid here than in respect of the Expo Corporation which was operating on direct grants.

Mr. Pickersgill: Grants from the provincial government and the city of Montreal.

Mr. Knowles: Certainly there have been many cases where labour legislation has required companies, including the C.N.R., to do things which might cost money. Amendments of this nature have been made to bills by private members. I think the point in this regard is quite clear.

Mr. Bell (Saint John-Albert): Mr. Chairman, I do not think the amendment is out of order but even if it is I suggest the minister might make a gesture in this regard by arranging for the amendment to be moved by one of his colleagues. He has been doing this continually in respect of this bill. This would get around his argument, if there is any validity to it. I am sure that if the officials were on the floor they would tell us that there would be very few persons involved. If the minister would accept this amendment it would be a gesture on behalf of these few employees who might be dislocated. The minister uses strange methods to dismiss these amendments. Sometimes he tells us there are financial implications; other times he tells us that it is not within our competence to deal with them. Once or twice he even dragged the poor old senators into it. He cannot have it both ways, Mr. Chairman.

When there have been financial implications involved the minister has accepted some of these amendments by arranging for his colleagues to move them. I suggest that if he would do that in this instance it would be a nice gesture. The hon. member for Nickel Belt has a very great interest in the employees because he himself is a former railway employee. He has brought this matter forward very sincerely. The minister is receiving credit for being flexible in his views. Why does he not accept this amendment by having it moved by one of his colleagues? If he did so, we would be happy and I am sure our intentions would be appreciated by the employees across the country.

Mr. Orlikow: Mr. Chairman, I rise first of all to suggest to you that as I read the resolution which has been submitted by the government it gives this committee ample scope to deal with the amendment moved by my colleague the hon. member for Nickel Belt. What

does the resolution say? I should like to read part of it:

> To provide for new methods of fixing freight rates and for the rationalization of branch lines of railway and passenger train services; to authorize the payment from the consolidated revenue fund by way of assistance to permit of orderly adjustment to the new freight rate structures and the removal of other forms of assistance to railways; to authorize the payment of assistance from the consolidated revenue fund to railway companies where they are required to maintain uneconomic branch lines or passenger train services in operation for the public good;

We are going through this bill clause by clause. We have been discussing this very detailed bill at great length. Time and again hon. members on both sides of the house have made suggestions and offered amendments, the purpose of which is simply to ensure that where the railway companies have to do something which may not be economically feasible the people of Canada will make up the losses. I suggest that in the year 1967 it is poor policy to bring in a bill to protect the Railways against all losses they may have to incur in carrying out the transportation policy of this country. However, to say at the same time to workers who will be affected by rationalization, workers who as a result of the abandonment of branch lines will have to move to another town with their families, that their rights are second class compared with the rights of the railway company is an injustice. Yet essentially, Mr. Chairman, that is what the minister is saying.

• (4:00 p.m.)

The scope of this amendment makes clear that we are dealing with rationalization, which I suggest to the minister will mean dislocation of the lives of the railway workers. I do not know whether they will be few in number, as suggested by the hon. member for Saint John-Albert, or many, as suggested by the hon. member for Nickel Belt. Indeed, I do not think that consideration is important. The important principle involved here is that railway workers should not be required to carry the whole burden of this kind of dislocation and drastic change.

Let us think about the events which led to the appointment of Mr. Justice Freedman as a commissioner. The C.N.R. decided to extend the runs of certain of their employees and as a result of this thinking workers at Nakina would have had to move because it would no longer be a turn-around point. As a result of their fears, and despite the assurances given at the time to the then minister of transport by the president of the C.N.R. that nothing serious would eventuate, there was a work stoppage which tied up the C.N.R. virtually from one end of Canada to the other. That is how important the workers of the C.N.R. believed this issue to be.

In the result, Mr. Justice Freedman was appointed by this government to inquire into the matter. He made a report which was supported by all parties in the house. What Mr. Justice Freedman said essentially—I will not go into the details of his report or quote it—was that the railway workers have a right to protection when drastic changes are decided upon by the railway.

Mr. Pickersgill: Mr. Chairman, I wonder whether the hon. gentleman is speaking to the point of order. Perhaps it would be more orderly if we were to decide whether the amendment is in order. If it is not in order, then it appears to me to be not debatable. We should not take up the time of the committee if it is not in order. If it is in order then the hon. gentleman's remarks will be thoroughly relevant.

Mr. Orlikow: Mr. Chairman, on the point of order I can only repeat what I said a few moments ago. This bill deals with the whole question of rationalization and of compensating the railways where the abandonment of branch lines leads to losses by the railways. In cases where the railways are required to continue services which lose money the government can also compensate the railways. Therefore it seems obvious to me that not only do we have the right to deal with the effects of this kind of rationalization and the changes which will be brought about for the workers by any drastic revisions made by the railways but that this is the correct time to discuss the matter. I suggest that the amendment is in order and should be considered now.

Mr. Lewis: Mr. Chairman, I rise to urge you to accept the amendment. Without repeating some of the arguments which have been made I should like to remind you, if I may, as an example of the scope of the bill, that the other day the hon. member for Port Arthur, with the support of the minister who told us he had taken an active part in designing the amendment, moved an amendment which has since been adopted by this committee and is now clause 20 of the bill.

There is not a word in this amendment which specifically refers to the matter with which that amendment dealt. You recall, Mr.

Chairman, that that amendment was concerned with the situation where one of the modes of transport involved in the bill wished to acquire, either directly or indirectly, an interest, by purchase, lease, merger, consolidation, or otherwise, in the business or undertaking of any person whose principal business is transportation, whether or not such business or undertaking was subject to the jurisdiction of parliament, and notice had to be given to the commission. Provision was also made in that amendment for how the commission should deal with the matter. According to the final words of that amendment the commission may, by the provisions of the amendment, disallow any acquisition sought by any company in the field of transportation. I respectfully submit, Mr. Chairman, that there is absolutely nothing in this resolution other than the last words—

Mr. Pickersgill: What about the very first words?

Mr. Lewis: The very first words referred to defining a national transportation policy for Canada. If it is wide enough to include legislation to deal with consolidation, merger and acquisition, then it is surely wide enough also to include protection for workers who are affected by any action taken by the commission.

For the life of me, Mr. Chairman, I do not see how it is possible to suggest that the amendment moved by the hon. member for Port Arthur covers what this amendment seeks to do. There is not another clause or subclause in this bill dealing with the subject matter of the amendment which is now clause 20 of the bill. There is not a word in the resolution suggesting that this bill is intended to deal with what essentially is the monopolistic acquisition of other transportation property. The minister introduced the amendment and the committee was ready to deal with it because obviously it was something consequential upon or related to the national transportation policy referred to in this bill.

I respectfully submit, Mr. Chairman, that the amendment before the committee falls much more clearly within those words than did the amendment accepted by the Chair and voted on by the committee. Can anyone who is not trying to be frivolous or fractious suggest that the consequences to employees of the rationalization of rail services are not a result of that rationalization? Can anyone logically argue that the result of rationalization in regard to the employees is not a direct consequence of the rationalization which is provided in this bill, the entire machinery of which deals with and encourages rationalization of the railways?

• (4:10 p.m.)

The amendment to which I have referred and which was, as I said, passed by this committee was in my respectful opinion a proper amendment precisely because it too dealt with the rationalization of the transportation services in Canada. There is also the fact that the basis of the bill is competition and this competition would be ended if one mode of transport got a monopoly over other modes of transport or if one company in one mode of transport got a monopolistic hold over other modes. In precisely the same way is this amendment proper and within the scope of the resolution.

I also respectfully urge that it is entirely within the actual spirit and letter of the bill before us, if I may put it that way, and of the particular section before us, because what we are dealing with in clause 42 and more particularly in new section 314D is precisely the subject matter of (a) encouraging rationalization, (b) the consequences of rationalization on the railways and (c), how the consequences of that rationalization are to be dealt with. I urge upon you, Mr. Chairman, that what this amendment deals with is on all fours in principle with precisely what the section deals with, namely, the encouragement of rationalization, the consequences of that rationalization upon employees affected thereby, and the way in which those consequences are to be dealt with. The only difference is that the bill before you now provides that the consequences to the railways, if they are adverse, are to be met out of the public treasury, whereas this amendment says that the consequences to the employees, if they are adverse, are to be met by compensation determined by the commission, again tying it directly to the bill which deals with the commission. The amendment provides that in this event the company concerned shall compensate such employees.

May I make two more points, Mr. Chairman. They are intended to support the procedural argument even though they necessarily deal in part with the merits of this question. I would remind the minister and you, sir, if I may, of some of the things the minister said. Unless I have misread this clause of the bill, section 182 of the Railway

Act is not deleted, so to the extent that section 182 of the Railway Act remains and provides compensation for employees it is still in the law. If you took the Railway Act and Bill C-231 together, you would still have a provision in the total transportation legislation for the limited kind of compensation which section 182 of the Railway Act now provides. All this amendment does is extend the principle and the application of the contents of section 182 of the Railway Act. In that way I respectfully submit it is again entirely in order because it relates to policy and other statute which this bill seeks to amend.

I think it would be nothing less, and I use these words deliberately, than heartless and thoughtless on the part of this parliament and the minister if we spent weeks adopting a bill that deals in large measure with rationalization, were careful in every instance where rationalization may affect the railways adversely to provide for compensation to them from the public treasury, and did nothing to compensate those workers affected by rationalization. We even provide in this bill, as was argued yesterday, that within the first three years of the coming into force of this law there is to be a study of the Crowsnest pass rates to ascertain whether they are compensatory, and if the commission feels they are not compensatory the governor in council may compensate the railways for the losses involved.

Mr. Pickersgill: No.

Mr. Lewis: That is the way I read it —"may" compensate them; I do not say "shall".

Mr. Pickersgill: The governor in council may make a recommendation to parliament but the Governor in Council cannot compensate the railways.

Mr. Lewis: The governor in council may make a recommendation to parliament to compensate the railways; that is fine. But we have provided here for compensation to the railways for any losses generally. I am not going into detail in this respect, Mr. Chairman, so forgive me for using a general phrase which necessarily is not entirely accurate but is accurate enough for the purpose of our discussion. We are providing that if there are losses in the application of the Crowsnest pass rates we shall after three years compensate the railways. But there is not a single, solitary word in this bill about compensating the workers of the railway who might have to move from one place to another as a result of the rationalization which this bill requires, or who might, without even being afforded the opportunity of moving, lose their jobs and suffer other losses as well.

If the minister insists on asking the Chair to rule this amendment out of order and if, as I hope is the case, the Chair holds that it is in order and the minister insists on opposing it, he will justify the worst fears of the workers of the railways and other modes of transportation in this country. These are fears that I may frankly say I have, namely, that this is a bill not really to deal with a transportation policy as a whole, because you cannot have an effective or adequate transportation policy without employees, but a bill primarily concernd with guaranteeing the railways that they will be compensated, without any consideration for the workers of the railways who may be affected by the policies laid out in the bill.

I urge the minister to accept this amendment despite his statement that it was not the intention to introduce industrial relations matters into the bill. This is not a question of industrial or labour relations. The actual implementation of the recommendations of the Freedman report will require other legislation. That will involve negotiation between the railway companies, the unions, and so on. This amendment is precisely in the spirit of the rest of the bill. When the railways are hurt they should be compensated, and we say that when the workers are hurt they should be compensated. I should like to understand how the minister morally and in social terms is able to make a distinction between the two forms of compensation.

Mr. Horner (Acadia): Mr. Chairman, I should just like to say a word on the amendment. The railway committee studied precisely this matter a number of years ago in respect of Bill C-15 introduced by the former member for Port Arthur. The committee studied that bill at length and reported favourably on it to the House of Commons. It said that steps should be taken along the lines of the bill. The minister of the day, the same Minister of Transport, agreed with this and informed the committee that legislation would be introduced somewhat along the lines of the bill.

I urge the minister to take a close look at this amendment. He may wish to ask that the clause be stood while his officials consider the amendment. I urge that even though he may

prefer the amendment to be drawn in a narrower form, he should not disregard it completely. In fact, the minister could bring in an amendment which might well fall under subsection (3) of new section 314D more appropriately. This subsection could provide for the commission reporting to the governor in council its findings with regard to any alteration or deviation in respect of a branch line which would disrupt employment. Under subsection 3 the commission could report to the governor in council.

• (4:20 p.m.)

I am suggesting this so that we may get on with the legislation. We on this side of the house have been trying to co-operate and to make some progress every day. Here we have a very important technical point. An amendment has been suggested and I am sure the hon. member who moved it would not object to the consideration of this amendment by the minister who could give it to his draftsmen to examine and perhaps make some changes to it if considered necessary or even include it in a clause which would allow the commission to report to the governor in council that compensation should be paid in case of the alteration or deviation of any branch line resulting in direct hardship to the employees or by reason of the exercise of seniority in the company.

All I am asking of the minister is that he should agree to stand this clause. We will be considering the transportation bill again tomorrow and in the intervening time this point can be studied very carefully in consultation with the draftsmen of the bill and the mover of the amendment. Certainly the amendment deserves consideration and perhaps the minister could work out something which would be agreeable to him. In a sense this amendment falls within the scope of the rationalization of railway lines. It does not broaden the financial aspect of the bill, particularly if the commission were to hear briefs, study the abandonment of branch lines or their rationalization and report to the governor in council that such and such were the conditions.

The minister has been in a very co-operative mood throughout the consideration of this legislation. I know that he wants to proceed with it as quickly as possible, as we do on this side of the house. I ask him to agree to have the clause stood for consideration for another day of the suggestion put forward in this amendment and to proceed at the present time with other clauses of the bill. I urge the minister to do this in order that we may make some headway in the passage of this legislation.

Mr. Churchill: Mr. Chairman, having listened to the debate I should like to support the proposed amendment. The value of debating clauses in the house is that it allows people to get information. Their attention is drawn to matters which they may have overlooked. Having listened to the debate I must say that I am impressed with the arguments which have been brought forward so far. Before the chairman rules on the validity of the amendment may I say that the suggestion which has been made recently that the amendment stand for study by the minister is a sensible one and is preferable to the more strict and formal method of ruling one way or another on the amendment. I do not know of any bill that has been brought before the house which has been subjected to so many amendments in the standing committee stage and now in committee of the whole. One more amendment will not delay the proceedings at all. In fact, if the minister is as wise as some people who do not know him as well as I do tend to think he is he would stand this amendment and perhaps modify it if he and his legal advisers think that it is drawn too broadly.

I was impressed with the argument that in the course of developing a national transportation policy our job is not solely to consider the economic strength or weakness of the railway corporations but also to consider the people who are employed by those corporations and without whose activities they would not be of much value. This amendment follows along the line of the suggestions made by Mr. Justice Freedman. Yesterday when we were talking about another section the minister was at pains to point out that a royal commission which had been appointed by the government of our party had made certain recommendations and that therefore we should be prepared to accept its findings. I myself have never taken that point of view with regard to royal commissions. However, here is the minister's chance to apply his own argument and accept the findings of the royal commission headed by Mr. Justice Freedman.

Undoubtedly this is a vital matter in so far as the employees of the railways are concerned. If automation or other changes throw them out of work unexpectedly, then every provision should be made to see that they will not suffer loss of employment. Their interests are of equal importance to us as the interests

of the railways and the interests of the government in its responsibility for transportation.

I conclude by simply reinforcing the arguments that have already been made urging the minister to look at this amendment and to consult his advisers to see if it cannot be accepted. If it goes beyond the scope of the resolution and involves an expenditure of money, the minister may ask one of his colleagues to move an appropriate amendment. It is as simple as that. I think that the minister, after hearing the suggestions made from this side of the house, will decide that this matter deserves to be covered in the legislation.

The Chairman: The Chair is ready to make a ruling on the amendment if that is the wish of the committee. First of all I should like to thank hon. members who have taken part in the discussion on this point of order. I should point out also that there is no question in the mind of the Chair as to the importance of the problem. However, the responsibility of the Chair is not to decide on the importance of the problem as related to the railways and to the men concerned but to decide whether or not the amendment is procedurally correct.

I listened very carefully to the statement made by the hon. member for Nickel Belt and also to the statements made by the hon. members for Winnipeg North Centre, Winnipeg North, Winnipeg South Centre and Acadia. I have also taken into account the argument presented by the minister.

First of all I should say that I think there are three things to be considered here. Whether or not there are financial implications in this amendment is a matter of opinion. The Chair is not particularly impressed with that argument although I recognize there are conditions that might flow from this amendment which would indeed have financial implications. However, the Chair is of the opinion that this amendment does go beyond the scope of the bill. I believe that the question which has been raised by the hon. member for Nickel Belt more properly comes within the realm of labour relations as applied to the railways. I am of the opinion also that the amendment as moved by the hon. member for Nickel Belt is perhaps not particularly relevant to the proposed section 314D.

• (4:30 p.m.)

I might refer hon. members to page 549 of May's seventeenth edition where it is stated:

> An amendment is out of order if it is irrelevant to the subject matter or beyond the scope of the bill—

I have read the amendment very carefully, I have listened to the arguments presented by members, and it is the opinion of the Chair that the amendment moved by the hon. member for Nickel Belt is not relevant to the clause now before the committee and is outside the scope of the bill. I therefore rule the amendment out of order.

Mr. Lewis: Mr. Chairman, with great regret and without any loss of respect of Your Honour, I appeal your decision to the Speaker.

• (4:40 p.m.)

Mr. Speaker resumed the chair, and the chairman of the committee made the following report:

> Mr. Speaker, the question is an appeal to Mr. Speaker from a decision of the chairman of the committee of the whole pursuant to section 4 of standing order 59. In committee of the whole when clause 42 subclause 314D of Bill C-231 was being considered the hon. member for Nickel Belt proposed an amendment as follows:
>
> "That Bill C-231 be amended by adding in clause 314D after subclause (5) thereof, the following as subclause (6):
>
> (6) Notwithstanding anything in section 182 of the said act, where a company makes any change, alteration or deviation in its railway or any portion thereof or abandons any portion or branchline thereof which results in loss of employment by any of its employees either directly or through the exercise of seniority, the company shall compensate such employees as the commission deems proper for any financial loss caused to them by change of residence or loss of employment necessitated thereby."
>
> Using paragraph 1, page 549 of May's seventeenth edition, I ruled the amendment out of order in that it was outside the scope of the bill and irrelevant to the clause then being considered by the committee, whereupon the hon. member for York South appealed the decision to Mr. Speaker.

Mr. Knowles: Mr. Speaker, although this procedure is provided in our provisional standing orders we always regret employing it because it seems to suggest that we are setting two occupants of the chair against each other. Let me assure Your Honour and the chairman of the committee of the whole that this is not so. We feel the issue involved in this amendment is so important that it deserves the consideration of at least two judicial heads.

When the amendment was moved by the hon. member for Nickel Belt the Minister of Transport raised two points of objection. I mention these to fill Your Honour in about what has happened. One point the minister raised was not accepted by the chairman of the committee of the whole, the contention that this amendment would involve the expenditure of public moneys. We were able to

show that the requirement of the amendment is that any compensation would have to be paid by the companies concerned and we were also able to cite certain precedents in support of an amendment of this kind.

The other point the Minister of Transport put forward was to the effect that this amendment was outside the scope of the resolution preceding the bill. During the procedural debate in committee of the whole the entire resolution preceding the bill was read into the record. The resolution is lengthy and appears on page 7743 of *Hansard* for August 29, 1966. The resolution spells out the many purposes the government had in mind in proposing Bill C-231 and its concluding words were as follows:

—and to provide further for other matters consequential upon or related or incidental to any of the foregoing.

It was our contention in committee of the whole and it is our contention now that that wording is extremely wide and that it makes possible amendments dealing, as the very words say, with any matters consequential upon or related or incidental to any of the foregoing matters covered in the bill.

The whole issue posed by the amendment of the hon. member for Nickel Belt is that consequences experienced by railway workers, as a result of railway rationalization or other steps taken, should be taken care of. It is quite clear that the bill provides for compensation when the consequences of rationalization affect the railway companies. Our contention is that when the consequences affect employees they should also be taken care of. It may seem as if I am getting to the substance, but the point is that if the consequences in the one instance are within the scope of the bill, surely the consequences in the other instance are also within the scope of the bill.

Perhaps in what I have just now said I am recognizing that the chairman of the committee of the whole house used slightly different language from that used by the Minister of Transport. The Minister of Transport talked about the amendment being beyond the scope of the resolution. I think it would be fair to say that on this point he made his whole case on that basis.

I note that the chairman of the committee of the whole did not use that language. In fact, he accepted our argument that the amendment of the hon. member for Nickel Belt is not beyond the scope of the resolution preceding the bill because, after all, it makes provision for other matters consequential upon or related or incidental to any of the foregoing, although he did say we had gone beyond the scope of the bill.

The chairman of the committee of the whole house relied on a citation in May's seventeenth edition, page 589, paragraph 1, which deals with the scope of a bill. I suggest that the scope of the bill before us is largely related to the question of compensation because of losses, adjustments, changes, rationalization and so on. So far as the scope of the bill is concerned, there is no question about that. What we are now talking about is that the consequences to employees of rationalization should be considered as part of the bill.

• (4:50 p.m.)

I would point out to Your Honour that this bill is in part a new piece of legislation and in part a bill amending certain acts which are already on our statute books. In section 182 of the Railway Act there is already provision for compensation to employees adversely affected as a result of changes of policy with respect to lines. But there has been a ruling that section 182 of the present act does not provide for compensation to employees when there is total abandonment. Therefore I am contending that this amendment is completely within the scope of the present legislation. It proposes that what is already in the law, namely, that there should be compensation to employees when there is an alteration in a line, should also apply when the consequences are those which flow from the complete abandonment of a line of railway or a divisional point.

Therefore, Mr. Speaker, if you study the whole thing as a piece, 314E which talks about compensation to the companies as a result of changes which take place and section 182 of the Railway Act which is part of this total package of legislation, I submit that included in this whole framework is the question of what is done as a consequence of railway policy changes which are injurious. If such changes are injurious to the companies, compensation is available. If they are injurious to employees, compensation is available but only in certain circumstances. The amendment proposes that in the case of total abandonment of a divisional point, branch line, or whatever it may be, compensation would be available.

Again I speak with a great deal of respect not only for Your Honour but for the chairman of the committee of the whole house when I express my earnest feeling that this is a case where Your Honour would, after careful consideration—you might even wish to reserve decision on the question—be justified in

doing what has never yet been done, that is, make a ruling opposite to that made by the chairman of the committee of the whole. He did not accept the argument that the money provisions presented any problem. He said so in very plain language. I contend that by implication he did not accept the argument of the Minister of Transport that the amendment goes beyond the terms of the resolution which preceded the bill. I have spelled that out by quoting the concluding words of the resolution.

What he did use as a basis for ruling the amendment out of order was the contention, as he saw it, that the amendment was beyond the scope of the bill and that it was not relevant to the particular section we are considering at the present time, which is new section 314D. My argument is that this bill is seriously and widely concerned with compensation where injury is suffered because of changes, and that to talk about compensation to employees as a result of those changes is certainly within its scope. We also contend that 314D, which deals specifically with the machinery for providing some of these compensation payments, is the part of the bill in which this matter ought to be dealt with.

For these reasons I urge you, Mr. Speaker, to give this matter your earnest consideration. I think it is an important point. Other amendments have been accepted while we have been in committee. The other day we considered an amendment by the hon. member for Port Arthur dealing with situations where companies purchase each other's lines, something which was not mentioned in the resolution preceding the bill and something which in my view is hardly within the scope of the measure. Yet it was allowed, voted on and passed. It even included provision for information to be given to the combines investigation branch.

I might even mention an amendment which was moved the other day by the hon. member for Peace River. It was defeated after a vote but at least it was found to be in order. It sought to provide for the setting up of a special committee of the House of Commons by statutory arrangement, something to which there was no reference whatsoever in the resolution. There have been other such amendments put forward as we have proceeded in our consideration of this bill. To contend now that this particular proposal is beyond the scope of the bill is a contention which in my submission is hard to maintain. I submit that in a bill which is concerned with compensation as a result of changes this amendment is more of a piece with the legislation than some of the other amendments which have been dealt with. I therefore hope that Your Honour, either now or after considering the matter, will find that this amendment should be allowed.

Mr. Pickersgill: Mr. Speaker, I am not sure that Your Honour really needs my assistance in this matter, since I agree with the judgment of the chairman of the committee. But I should like very briefly to review the points which have been made by the hon. member for Winnipeg North Centre. I know he did not deliberately misrepresent me, but my first words when I called the amendment into question—

Mr. Mongrain: I apologize for interrupting the minister while he is speaking but I should like to ask him a question. Does he not think this amendment is superfluous as a result of the introduction by the government of a bill which appears to cover this subject under the title, in French, "Recyclage de la Main-d'œuvre"?

Mr. Pickersgill: In order to avoid destroying the consecutiveness of what I have to say, perhaps I could reply to that question after I have dealt with the arguments advanced by the hon. member for Winnipeg North Centre.

As I began to point out, the very first words I used in taking exception to the amendment were that it was beyond the scope of the bill. It is true that the second time I spoke I used the terms of the resolution because they comprise a handy table of contents of the bill. But my main argument was based on my first assertion that the subject matter was beyond the scope of the bill. So the Chair did not reach a decision on the basis of an argument which was not in fact placed before it. I should like to make that clear.

• (5:00 p.m.)

The only other point which could arise with respect to the resolution, beyond its being a handy table of contents, is that in certain contingencies there might be a charge on the treasury as a result of the amendment, but my main point was that the amendment was clearly beyond the scope of the bill. The hon. gentleman talks about the bill as though the principle of it was compensation. The principle of the bill is not compensation at all. The principle is to create a new situation where compensation will not be necessary.

The real purpose of the bill is clearly indicated in the resolution, namely, to set up a

national transport policy and, in that context, to lay down certain general principles, one of which is competition. The amendment moved by the hon. member for Port Arthur was for the purpose of making surer that there would be competition and that the provisions of clause 1 of the bill would operate. Therefore it came entirely within the scope of the bill.

What the proposed amendment is concerned with is the relationship between railway companies and their employees. It does not deal with any other kind of companies covered by the legislation. The railway companies are singled out in this connection. The hon. gentleman is quite correct when he says that the Railway Act does this, in some particulars, but the hon. gentleman is an old hand here and knows as well as I do that the scope of an act which is being amended is not what is before the house. It is the scope of the bill that is doing the amending. That is all that is before the Chair when a question of order is raised whether or not something is beyond the scope of the bill.

The Railway Act deals with all kinds of matters that we are not attempting to disturb by this bill in any way. To deal with a subject covered by the Railway Act which we are not amending in this bill is exactly the kind of situation envisaged in the citation read by the chairman of the committee, on which in part he based his judgment.

Also in support of the chairman's ruling I would point out that the amendment was not relevant to the clause itself. The clause deals primarily with the abandonment of branch lines and with certan very limited kinds of rationalization incidental to the abandonment or re-arrangement of branch lines. The amendment purports to deal with any change whatsoever made by a railway company, any change, alteration or deviation in its operation, on its main line, in its hotels, or in anything over which it exercises control, including abandonment of branch lines and certain things incidental thereto. Therefore it would be a very suitable subject for legislation on its own, and it has been indicated on a good many occasions that the broad subject matter will become the subject of legislation. But to suggest that an amendment or a purported amendment, under the guise of being incidental to one small aspect of railways should affect the whole railway structure, is not beyond the scope of a bill such as this seems to be arguing in the face of the obvious content of the purported amendment itself. It is for those reasons that I feel the Chair did not err in making the judgment.

[*Translation*]

Mr. Mongrain: Mr. Speaker, I rise on a point of order.

[*English*]

Mr. Pickersgill: To answer the hon. gentleman's question, if Your Honour thinks it would be relevant for me to do so, I think certain aspects of the matter which this purported amendment seeks to cover are in fact covered by legislation which is administered by the Minister of Manpower and Immigration, although I have some doubt that all aspects of it are so covered.

Mr. Olson: Mr. Speaker, having carefully read the amendment and the provisions of new section 314D in clause 42 I believe there is some validity to the argument that what is introduced in the amendment moved by the hon. member for Nickel Belt does go beyond the scope of what is contained in new section 314D. In fact, I suggest that the chairman of the committee made a proper ruling when he said that the amendment went beyond what is contained in that new section. However, I must disagree with his suggestion that what the amendment proposes goes beyond the scope of the whole bill. I find myself in a measure of agreement with the hon. member for Winnipeg North Centre and others in that the resolution preceding the bill suggested that the bill would deal with certain matters and with related and consequential matters. That must be broad enough to include the consequences to employees as the result of abandonment and other acts covered in the bill.

The minister argued that the amendment went beyond the scope of the resolution because the resolution did not provide for a charge on the treasury to deal with compensation to employees. I suggest that the amendment does not call for a charge on the public treasury to pay compensation to employees for the consequences of abandonment, such as a change of residence and other losses that they may suffer. What the amendment suggests is that authority be vested in the commission to order or direct a company to compensate employees for such loss.

There are many other clauses in the bill which give the commission authority to issue directives to railway companies that will cost the companies money. A directive made under the terms of the amendment would, I

suggest, be no more out of order than others which would impose a cost on railway companies. Therefore I do not believe the amendment is out of order on those grounds.

• (5:10 p.m.)

For this resaon I am concerned about the ruling that the amendment is beyond the scope of the whole bill because there are other parts of the bill to which this amendment, or a modification of it, could more properly be moved. I suggest, for instance, new section 314E which deals with claims, the right to claim, the determination of claims, the payment of claims and so on. But even that new section I suggest deals with claims made for costs incurred in the the continuance of a branch line; it does not deal with claims which may arise as a result of the abandoning of a branch line. So perhaps this amendment would also be beyond the scope of what is contained in new section 314E. Therefore, while I am in some measure in agreement with the ruling that the amendment is beyond the scope of new section 314D, I take exception to that part of the ruling that it is beyond the scope of the whole bill and beyond the scope of the resolution preceding the bill. I do so because of the other argument I advanced a few moments ago.

I would hope, Mr. Speaker, that your ruling would be in line with the chairman's ruling to the effect that the amendment is beyond the scope of this clause but that you would rule it is not beyond the scope of the bill for this kind of subject matter to be introduced in an appropriate place.

Mr. Bell (Saint John-Albert): Mr. Speaker, I do not wish to add to your difficulty, but I take it that the procedure at the moment is under provisional standing order 59(4). The chairman has ruled on this matter and has made his decision on another ground than the financial aspect. He has virtually said that the financial argument does not apply. I am wondering whether in hearing this appeal you have the right to go back into this matter. That is one subject you will have to consider. I should like to refer to the argument of the minister that the amendment is presented at the wrong place in the bill and has application to the wrong clause. I believe we have been moving here and there in the bill because of the difficulty of renumbering. Therefore I suggest that the argument concerning where the amendment is introduced in the bill is not applicable.

It appears to me that the main argument centres around the scope of the bill. Mention has been made of the resolution itself. I feel that our consideration of the bill has been very broad. Subjects have been introduced such as the Combines Investigation Act. New sections have been placed right in the middle of the bill. I suggest that the bill is very broad and comprehensive. Therefore so far as the scope is concerned I feel it would be very difficult to rule the amendment out on that ground.

Mr. Speaker: If there are no further arguments to be advanced for the guidance of the Chair, perhaps I might be permitted to give a ruling at this point. By way of introduction the hon. member for Winnipeg North Centre referred to the general reluctance of hon. members to appeal under the provisions of the provisional standing order which provides for an appeal from the chairman of the committee of the whole to the Speaker. Certainly this is a standing order which is difficult of application. Be that as it may, I believe it is the duty of the Chair to accept its responsibility in spite of the fact that the standing order may be difficult in respect of its application.

If I may refer first to the argument of the hon. member for Saint John-Albert, he questioned the possibility of the Chair ruling on the second aspect of the argument which was advanced in committee, that is, the financial provisions of the bill. I do not think it is necessary for me even to refer to this. As I understand the ruling, it is not actually based on that argument. The chairman said he had no doubt in respect of it and went on to base his ruling on other procedural aspects of the matter.

The hon. member for Winnipeg North Centre based his argument mainly on the contention that the amendment comes within the scope of the bill itself. The Minister of Transport has argued against this and has suggested that in his view the essence of the proposed amendment does go beyond the terms of the clause itself and also beyond the terms of the bill.

The hon. member for Medicine Hat goes half way. He suggests that the amendment although it is beyond the terms of the clause, should not be ruled out of order because it does not go beyond the purport of the whole bill. Obviously there are arguments which could be advanced both ways in respect of the positions taken by the hon. member for Winnipeg North Centre and the hon. member for Medicine Hat as well as in respect of the argument advanced by the Minister of Transport.

It is my view that this is a matter of judgment. The chairman of the committee of the whole has weighed both arguments. He is familiar with the terms of the bill. He has had the bill before him in committee for many days. In his judgment, after hearing lengthy argument, he has ruled that the amendment proposed is beyond the purport of the clause and the bill. In view of the uncertainty in respect of the general question I do not think I should substitute my judgment for that of the chairman who has heard the argument. I have also heard the argument, which I understand was repeated in capsule form, and I must conclude that I have to support the decision of the chairman of the committee.

The committee will now resume its consideration of the bill.

And the house having resumed in committee.

On clause 42—

Mr. Schreyer: Mr. Chairman, before we leave new section 314D I should like to make some remarks and observations in respect of subsection (4). Actually I had hoped to do so before the hon. member for Nickel Belt took the floor, but the Minister of Transport invited him to move his amendment.

Mr. Pickersgill: I was seeking to preserve his right because he had spoken to me last evening.

Mr. Schreyer: Yes. I am not complaining; I am merely stating the reason I have not made these remarks earlier. I should like to appeal to members of the committee and the minister to look at subsection (4) of new section 314D in this way: I would hope we would be able to tighten up the wording of this provision so that it could be refined and made more brief. I do not think it is fair, as is the case here, to give the commission powers and terms of reference which read in such a very general and imprecise way. I hope that in this paragraph we can provide some specific terms of reference to complement, not to contradict, the general terms of reference given here.

• (5:20 p.m.)

As I understand the intent or purport of subsection (4) it is that the commission may, when considering applications for abandonment, take into consideration such matters as increased cost to the community, increased cost of road building to the municipalities and the provinces, and losses to people who hold investments that might be described as rail-tied. The commission may also take into consideration such matters as increased cost of production to farmers as a result of abandonment from having to haul their grain a considerable distance farther to the shipping point. I take it that all these things can be taken into account by the commission in considering applications for abandonment.

The ground on which the commission takes these matters into consideration is, I assume, to be found in the proposed section 314D (4). It is one thing, Mr. Chairman, for a member of the committee to assume this; it is quite another thing to have it clearly embodied in the statute. I therefore ask the minister whether he will consider giving consideration to an amendment which I should like to move at this time. I move, seconded by the hon. member for Nickel Belt:

> That clause 314D (4) be amended by adding to subparagraph (b) the following:
>
> "and in particular, but without limiting the generality of the foregoing, in respect of any action causing or likely to cause increased expenditures by municipal or provincial authorities, or increased costs of production or sudden losses to holders of rail-tied investment".

If I may continue my argument in support of this amendment, I suggest to the minister that if he were to give some thought to the consideration which took place when the bill was before the standing committee he would recall some hon. members, myself included, raising the question of what might be done with respect to new problems which would crop up as a result of the passage of this bill. For example, the bill provides for abandonment of certain lines. It provides the procedure by which abandonment applications shall be heard and approved or rejected. In the event that abandonments are granted it is obvious that such action will have a great many ramifications of the kind to which I have already made brief reference.

When a farmer is required to move grain by truck an additional distance to some rail centre it is a fact the farmer's cost of production increases in a very substantial manner. It is estimated that the cost of truck haulage of grain runs in the order of a quarter to half a cent per bushel mile. Conceivably it could happen—I am sure it will as a result of the implementation of certain clauses of this bill over the years—that some farmers will simply have to haul their grain 15, 20 or 25 miles farther than they are at the moment because of some rail line abandonment. This means in a very rough and approximate way that a

farmer operating a 500-acre farm will find that his cost of operation has increased in the order of $400, $500, $600 or $700 a year because of increased cost of haulage, etc.

The minister should also bear in mind that the Crowsnest rates admittedly are a very direct and great advantage and benefit to western grain producers. No one questions that for a moment. That is one of the reasons the hon. member for Acadia and others have been carrying on quite a running battle on the provisions of this bill having to do with the Crowsnest rates.

Let me relate this point to the provisions in this particular clause of the bill. If a branch line is abandoned and a farmer has to haul his grain a little farther, it really means two things. First of all, it means increased cost of haulage and increased production costs. Second, it means that the Crowsnest rates are to some degree being pulled away from him and denied him. Up to a given point in time that farmer will have had the advantage of the statutory grain haulage rates. If a local branch line is abandoned and he has to haul his grain by truck he loses a fraction of the advantage he receives from the Crowsnest statutory rates.

What we are doing in effect is this. By adopting this course of action and allowing abandonments to take place, which in certain cases may well be necessary, we are taking away from individual producers certain statutory advantages which others will continue to enjoy. It therefore follows that the commission should—at least, someone should and I presume the commission should in the first instance—take into consideration the fact that a farmer's cost of production is going to go up as a result of particular action taken under the provisions of this bill. Second, it should consider the fact that this farmer and others in the same district will be deprived of part of the statutory advantage derived from the Crowsnest rates.

In my view, Mr. Chairman, I am not really expanding the intent of the bill. The minister himself gave me the assurance in committee that the commission can very well take all these things I have enumerated into account. What I am seeking to do by this amendment is to give more clearcut terms of reference to the commission in this respect. It is merely a matter of spelling out specifically something which is generally implied in subsection (4). On that basis I hope that the minister will find no objection to it.

Mr. Pickersgill: Mr. Chairman, I should like to deal right away with the points made by the hon. gentleman. The only possible objection I could have to his amendment is that it makes the bill a little longer. It seems to me that it is really substantially redundant. If the hon. member will look at the bottom of page 26 of the bill he will see that section 314C(3) says:

> In determining whether an uneconomic branch line or any segment thereof should be abandoned, the commission shall consider all matters that in its opinion are relevant to the public interest including, without limiting the generality of the foregoing,—

Then let me read a few of the following paragraphs.

• (5:30 p.m.)

> (b) the alternative transportation facilities available or likely to be available to the area served by the branch line;
>
> (c) the period of time reasonably required for the purpose of adjusting any facilities, wholly or in part dependent on the services provided by the branch line, with the least disruption to the economy of the area served by the line;

I do not think (d) is very relevant.

> (e) the economic effects of the abandonment of the operation of the branch line on the communities and areas served by the branch line;

There is some doubt in my mind whether the illustrative expansion which the hon. gentleman would seek to put into new section 314D would in fact add anything more than is already comprehended in those three specific directions to the commission. But if he felt it did in any way add something that was not there I would see no objection whatever to including these words, except the original objection I gave—and perhaps, the committee should be inured to it by this time—that I am not too fond of repetition.

Mr. Olson: Mr. Chairman, I should like to raise one or two points respecting this amendment and the argument advanced by the hon. member who moved it. What the minister has said with reference to the provisions to be found on page 26 of the bill does not meet the situation entirely. These provisions say that the commission may take into account actual losses, alternative transportation and the economic effects of the abandonment or operation of a branch line. I would like the minister to be completely aware of the fact, if he is not aware of it already, that the commission does not have the authority to change any of the statutes of Canada.

The fact is that under the Canada Grain Act there is at the moment a restriction respecting the licensing of elevators. If the minister has given any undertaking during the course of the study of the bill here, in the standing committee or anywhere else that the government is going to bring in an amendment to the Canada Grain Act that will allow for the licensing of certain elevators in areas where it may be considered economic to abandon a line, I am pleased, but so far I have not heard of such an undertaking. The Canada Grain Act provides as follows:

"elevator" means any premises into which western grain may be received, or out of which it may be discharged—

Then we find these words:

—directly from or into railway cars or vessels—

There are many places in western Canada, and there happen to be some in my constituency, where an elevator in a community would be a real asset to the farmers in the surrounding area in the making of what we call local deliveries. In many cases large motor transport vehicles come to the elevator and haul most of the grain to mills that are not too far away. If lines were abandoned, under the Canada Grain Act those elevators could no longer be licensed.

In this connection I introduced a bill in the house on two separate occasions, I believe in 1962 and 1963. Of course the bill was talked out both times. I note that the hon. member for Acadia has a bill on the order paper that is almost an exact duplicate of the one I introduced. Farmers could suffer hardship in delivering their grain but the hardship could be eased to some extent if the Canada Grain Act were amended so that the Board of Grain Commissioners could license elevators in certain areas, where railway lines were abandoned. I feel confident that there are some railway lines which in the over-all picture and having regard to their length are uneconomic. However, in certain areas where a line runs parallel to another line the elevator would be a very useful utility if it remained.

As the minister knows, large motor transport vehicles take grain out of an elevator and haul it in this economical way either to a mill or to another elevator for loading into cars on a railway line that is in use. The minister has said that the amendment is redundant and superfluous to the bill. He said it would do very little except make the bill longer. I hope he will at least take into account this one point, namely, that the transport commission will not have the authority to amend any statute, including the Canada Grain Act. and also that at the moment the Board of Grain Commissioners is prohibited from continuing a licence if a railway line is removed.

Mr. Pickersgill: Mr. Chairman, I think the hon. gentleman has convinced me because I have been looking at the two clauses while he has been talking—that does not mean I was not paying attention to what he was saying—and it seems to me there is a difference I had not observed at first blush between new sections 314C and 314D. It is that new section 314C contains those factors which the commission could license it if it was no longer tied to whether there should be an abandonment but there is no express power to make any recommendations, whereas in subsection (4) of new section 314D there is expressly such power.

Certainly an elevator is a rail based investment. This would not mean that the commission could license it if it was no longer tied to a railway but it could mean they could make representations and recommendations about it. I think it would be beyond the scope of this bill to amend the pertinent section of the Canada Grain Act. I would not feel competent to form any judgment on whether an amendment would be desirable. Although I do not think I have said anything about it in the committee up to this time, I have suggested —I do not think I did it personally but I saw that it was done—to the Canadian Wheat Board and also I believe to the Board of Grain Commissioners, though I am not sure about that, that they should look at this provision in the light of the legislation we are now considering. I believe that is in the process of being done. This would certainly go some distance in meeting the suggestion of the hon. member.

In the circumstances, therefore, it does not appear to me that any change in the wording of the amendment is needed. I believe there is power in the draftsmen to tidy these things up if there is to be any change in punctuation, and so on. In those circumstances, if it was the general feeling of the committee that this amendment would be a useful guide to the commission I would be quite prepared to support it.

• (5:40 p.m.)

Mr. Schreyer: Mr. Chairman, I wish to thank the minister for his openmindedness in this respect. I will take only one or two minutes to say that perhaps the only way in which the minister and I disagree in this connection is that the minister seems to think

this amendment is perhaps of only middling importance. However, if I may be so bold as to say so, I consider it to be of major significance because somewhere in this legislation someone must be specifically charged with the responsibility of making certain recommendations for remedial action to the appropriate authority when producers are faced with an increased cost of production because of an action taken under the provisions of this bill. This may also happen when a person or persons lose a considerable amount of investment which is tied to a railway location. This may also apply to municipal or provincial governments. Surely it would be quite fair and logical to charge someone with the responsibility of bringing to the attention of the Governor in Council or another appropriate authority, as the case may be, that because of a rail line abandonment the cost of providing alternative transportation facilities, in this case roads, may be likely to increase very substantially.

What I have in mind is that the commission may be faced with an application from the railways to abandon a given stretch of line and the railways may be able to show that they are losing, for example, $500 or $1,000 per rail mile.

On that basis presumably the commission would be disposed to grant approval of the abandonment. However, when submissions are made and it is demonstrated that the cost to the municipality, or jointly to the municipality and the province, of building a road may be in the order of $25,000 or even $30,000 per mile, this should be taken into consideration by the commission which should have someone to turn to in making a recommendation in this regard The amendment would simply specify this direction to the commission for its particular attention.

May I say in closing that it is true that perhaps one could deduce this from the provisions of subsection 4 as now drafted but I see no harm in being more explicit. I should like to make one more point. The minister has a very disarming manner. He gives the members of this committee assurances upon assurances that this will really be done and that this was intended all along. But assurances from a kindhearted minister of the crown are not as binding, I understand, as statutory provisions.

Mr. Bell (Saint John-Albert): He may not be minister for very long.

Mr. Pickersgill: I am quite agreeable to accepting the amendment if that is the wish of the committee.

The Chairman: Shall the amendment carry?

Some hon. Members: Agreed.

Amendment agreed to.

Clause as amended agreed to.

Mr. Schreyer: May I point out to you, sir, that the hon. member for Kootenay West expressed a desire to speak on clause 42?

Mr. Pickersgill: Mr. Chairman, I have had a word with the hon. member for Kootenay West and he agreed to speak on clause 1 when we come back to it. It was agreed some time ago that all the new sections except 314D had been carried and that we would not reopen discussion on them.

On clause 50—

Mr. Horner (Jasper-Edson): Mr. Chairman, I was very pleased to hear the minister say that he wanted to shorten the bill. I will offer him the opportunity to do just that. We heard a rather impractical and unusual speech by the minister last night, particularly from a minister who has some ties with western Canada.

With reference to new section 329 of clause 50 he indicated that a review of the Crowsnest pass rates will be undertaken every three years and he implied that it was his opinion and that of the government that the Crowsnest pass rates were not compensatory. He went to a great deal of trouble to buttress his argument with the recommendations of the MacPherson commission. As I have done before in the house, I referred him immediately to the reservations expressed by a member of the commission, Mr. Gobeil. They are entirely relevant and should be put on the record at this time. He said, as appears in the MacPherson commission report:

> I cannot, however, accept the other commissioners' decision that a subsidy is required in order to compensate the railways for alleged deficits incurred on the carriage of grain and grain products to export positions. There are three reasons for my disagreement with this decision.
>
> First, I believe that the Canadian Pacific Railway, having obtained certain very real advantages when it undertook—in perpetuity—to accept a ceiling on these grain rates, became party to a contract which is still in effect and which must be abided by.

I should like to say at this point that we in western Canada feel that this is a contract by which the C.P.R. and the other railway must continue to abide. We believe, in view of the fact we have an inviolable contract with the railways, that this is a redundant clause and

the whole matter cannot be questioned periodically without regard for compensation. Nobody knows what the total amount of the revenue of the C.P.R. was in 1897. We believe that this clause is redundant because we have an inviolable contract with the railways and therefore we cannot accept the government's proposal that it be reviewed in three years time.

Mr. Pickersgill: The contract was with the C.P.R. for carrying grain to Fort William. It has been applied by law to the C.P.R. to carry grain to Vancouver and to the C.N.R. to carry grain to Churchill. In none of these cases was there a contract. It is the law of this parliament which directs this, and this will not be reviewed. All that will be reviewed is the cost which this movement of grain will involve.

Mr. Horner (Jasper-Edson): I was going to come to the position of the other railway under this contract because I believe that this has already been reviewed twice, early in the 1900's and again in 1925. At that time the rates were made to apply to the C.N.R. when it was formed and we gave up a part of our rights under the Crowsnest pass agreement but we said we would not give up the other rights under the Crowsnest pass agreement which gave us lower rates on goods coming into western Canada. Even in 1925 the railway companies said that if we gave that up they would continue to haul grain at the ceiling rate.

Mr. Gobeil then goes on to say:

> Second, I do not believe that the grain cost studies which have been brought before this commission have succeeded in their attempts to measure the extent of the loss which, it is alleged, the railways incur in the movement of grain under statutory rates.
>
> • (5:50 p.m.)
>
> I am not convinced, furthermore, that the studies in question have been able to establish that there is any loss whatsoever.

Last evening the hon. member for Rosthern dealt particularly with this point. We are not convinced that any loss whatever is incurred. I should like to refer the minister again to two minor railways that have been hauling grain under the Crowsnest pass rates for a number of years. One of these railways, the Hudson Bay Railway, has been run by his own department. I believe it was in 1956 or 1957 that the Canadian National took over the operation of the Hudson Bay Railway. I refer the minister to the annual report of the Department of Transport for 1957 which indicates that the Hudson Bay Railway moved a total of 600,000 tons of freight, 78 per cent of which consisted of wheat for export. The balance of traffic was made up of sundry freight and the carriage of passengers. We have been talking about compensatory charges, variable cost charges or, as Donald Gordon said, out of pocket expenses. This line, 78 per cent of whose traffic consisted of export grain, produced a surplus of $34,000 in 1957. This railway is operated by a department of government, and if there is anything in Canada more inefficient than a department of government I have not seen it.

We are talking about costs and I point out that Mr. Gobeil said that the railway had never brought forth a legitimate cost study. We agree with Mr. Gobeil 100 per cent. The figures are not realistic. As he points out in his report, losses on passenger traffic can vary anywhere from $75 million to $255 million, which is a substantial spread.

The other railway about which I want the minister to think for a moment is one that runs through my own constituency, the Northern Alberta Railway. It has been operating since 1927. The great majority of the freight carried by this line is grain under the Crowsnest pass rates. During the last several years the Northern Alberta Railway has never suffered a loss. There is something wrong when these two small railways can carry grain and make money on it while the two larger railways continue to maintain they are losing money hauling grain. We in western Canada do not believe that for a moment. We think that this new section is redundant. As I said earlier, it violates the contract and the cost figures are inaccurate.

The other point I want to make is that the railways have been talking about ton miles. Anyone who has travelled across western Canada by air will appreciate that it is a considerably different problem to haul a ton of grain a mile in western Canada from what it is to haul a ton of grain in some other areas of Canada. The ton-mile costs that the railways continue to use are absolutely irrelevant and are in error. The railways are doing themselves a disservice and almost insulting the intelligence of the people before whom they put these figures. This was Mr. Gobeil's second point and was one of the reasons he could not accept the MacPherson report with regard to subsidies on grain. It is one of the reasons we do not accept it and one of the reasons we say this section is completely redundant. We want it out of there.

I quote Mr. Gobeil again:

> Third, I believe that, if there is a loss associated with the carriage of grain it is due to the cost of maintaining light density lines rather than the cost of carrying grain.

We suggest to the government that the proposal to review these rates in three years is in error. I appreciate the fact the minister had to leave for a moment so I am directing my remarks to his parliamentary secretary. He comes from British Columbia and is able to appreciate the transportation costs with which we in the prairie provinces are stuck. He must appreciate how strongly we feel about this contract into which our forefathers entered. This contract was the reason people went to western Canada in the first place. They were told by the government of the day that they would be able to settle there. The government gave them the assurance they would be able to get machinery in and their products out to the export market. This was the essence of the Crowsnest pass agreement. We claim that this contract is inviolable. This provision in the bill concerns this contract and we want this provision removed.

If the government feels that this new commission should make studies, that is fine. The commission already has the power under clause 15 to inquire into and report to the minister on the relationship between the various modes of transport within, into and from Canada, and upon the measures that should be adopted in order to achieve coordination in development, regulation and control of the various modes of transport. The commission has the power also to undertake studies and research into the economic aspects of modes of transport within or from Canada. When the government singles out the rates on grain contained in our inviolable contract this means that the government feels it is subsidizing the western grain grower. We immediately and completely reject this idea. We want the government to have a look at this provision. We are not going to accept the government saying to us, we are not really taking away the Crowsnest pass rates; we are going to study them.

As has been pointed out earlier, upon what basis are these rates going to be studied? Are the railways going to present more nonsense about ton-mile costs? Are the railways going to use figures compiled three years ago? What figures are they going to use? We do not want to get involved in this study. The commission has the power to conduct studies in relation to any line or any particular product. Why does the government single out the Crowsnest pass rates? The only provision should be to the effect that these rates will be maintained. We do not want these rates to be studied three years from now, by whom we do not know. We do not want variable costs used about which we know nothing.

There have been innumerable royal commissions on transportation. If you look at the reports of those commissions you will find that all of them suffered from the same problem as that to which Mr. Gobeil referred, namely, the lack of accurate figures. In his report Mr. Gobeil refers to the fact that at the same time witnesses were giving figures on the cost of grain movement the staff of the railway were preparing changes in those cost figures. At the moment we are talking about the C.P.R., a private company. The best estimate this company could make was that it suffered a loss of $2 million on hauling grain under the Crowsnest pass rates.

I suggest to the government and to the parliamentary secretary that this is not too great a cost for the Canadian Pacific to bear considering the real estate it acquired under that agreement. I suggest that the return the company realizes from the real estate alone is far greater than $2 million a year. We feel very strongly that the Canadian Pacific particularly has had the better of the deal. We believe that this provision which enables the entire grain hauling operation to be considered within three years is totally wrong. We will not accept it.

• (6:00 p.m.)

The hon. member for Acadia referred to the problem of modernization and mechanization. We feel that the raliways have lagged behind. They have done so intentionally to put pressure on the government to change these rates. We believe that this section will allow them to continue applying that pressure. Notwithstanding what the minister argued last evening, I do not accept what he said because the railways have been applying pressure all along. They are past masters at applying pressure on the government to get more money. What did they do in their recent labour difficulties? They did nothing until the matter came to parliament. Then parliament had to pay them money in the form of a subsidy.

I suggest that this section asks the railways to continue behaving as they have been, when they ought to be modernizing and mechanizing, particularly in those areas involving the handling of grain. If we are to continue exporting grain on the scale we have been in the

last couple of years we must have better railway facilities and the railways must improve their facilities.

I want to refer to what the minister said last night in regard to how the railways will get money for this. The minister suggested or implied—I do not know if he did so on behalf of the government—that the western grain shipper had been subsidized by the other shippers of Canada. I suggest to the minister and his parliamentary secretary that when they look into this matter they will see that westerners have paid a subsidy to the people of central Canada because of the agreed charges which have been in effect for a number of years. The railways had to agree to certain charges because they faced competition from trucks.

I will not argue about geography or discrimination, but the minister suggested that there is discrimination with regard to rates. I say again that this contract is inviolable. I do not believe there will be a review every three years. We have had these reviews before, the Turgeon Commission, the MacPherson Commission and the one before that, all looking into grain hauling. None of them came up with a unanimous answer about grain hauling costs. We want to see the contract maintained. Should the commission want to do its job well, under clause 15 of the bill it can instigate research and studies. It can tell the railways how to haul grain within the ceiling of the Crowsnest pass rates.

The government should provide leadership. It should provide the necessary studies and research so that the railways may know how to accomplish what I have suggested. We feel strongly about the allegations as to costs put forward in all these reports. The costs that the Canadian National put forward in its representations to the standing committee are so clouded and badly based that they are not an accurate yardstick at all.

Two small lines in western Canda, it has been shown, can haul grain at these rates and make compensatory returns. We feel that all railways can do the same. In the last couple of years grain hauling has increased and the income of the railways has been substantial. Their net income has risen because of this increase. We feel that if the railways had procured modern equipment they could have hauled more grain more quickly, we could have sold more grain, and the railways could have increased their own incomes as a result. We do not accept for a moment that the government needs to direct this commission to review these rates every three years.

[Mr. Horner (Jasper-Edson).]

There are not enough specifics in the bill to show how the commission shall assess the Crowsnest pass rates. In any event, we do not accept the necessity for this review. If the minister wants to shorten this bill he should take out everything after line 29 of clause 50. As I have said, clause 15 gives the commission power to review costs at any time and to make recommendations to the governor in council with regard to them.

If the minister wants to shorten the debate and the bill he should agree to removing everything after subsection 4 of new section 328 in clause 50. We would be a lot farther ahead and we in western Canada would be a lot happier. I cannot impress to strongly on the minister the grave danger he is in by placing on us the stigma of a subsidy—that was the essence of his remarks last night—and the idea that other shippers of Canada are subsidizing western Canada in the movement of grain. We do not accept that.

Mr. Pickersgill: I do not think the hon. gentleman wants to be unfair, but I never suggested any such thing. I said that if there was loss I knew of only two ways in which it could be made good. One would be out of the treasury and the other would be out of freight rates paid by other shippers. I said that if there was loss I thought the loss should be made good out of the treasury. At no time did I suggest there was a loss. I refused to put that in the bill this time although I had put it in Bill C-120. I refused to put it in because I thought we ought to find out about it. It is not quite fair to misrepresent me by suggesting that I thought there was a loss just because Mr. MacPherson thought there was. I refuse to accept the view that there is a loss. I also do not regard it as an article of faith that there is no loss. I honestly admit I am ignorant; I do not know. I am entitled to find out what the facts are and the people of Canada, the taxpayers of Canada, are entitled to find out what the facts are. That is all that clause 329 does. It substitutes fact for faith. If the hon. gentleman's faith is justified he ought not to object to the facts.

Mr. Horner (Jasper-Edson): This is why I suggested to the minister that we in western Canada object to the stigma of a subsidy. By including this clause the government implies the stigma of a subsidy. Clause 15 gives the commission all the power that is required to study these matters. Let me refer him to paragraph (b) of clause 15 which reads as follows:

—undertake studies and research into the economic aspects of all modes of transport within, into or from Canada;

If that does not cover everything I do not know what it does cover. It covers studies. That part of clause 15 permits the commission to have its economists get their own figures on the cost of moving grain. If the railways can consistently show they are losing on this movement, once they have modernized their equipment and so on, we in western Canada will be willing to accept that. But we are not willing to accept it as things are, and clause 329 suggests by implication that the rest of the Canadian people pay a subsidy to us. We reject that entirely.

I hope the minister will take another look at new section 329 which is redundant because clause 15, paragraphs (b) and (c), provides for certain studies to be undertaken. Why does the minister object? Under clause 15 the commission has authority to make studies. Why does he single out the Crowsnest pass rates? Why does he try to break an inviolable contract.

Last night the hon. member for Mackenzie said that we feel strongly about this contract. The minister knows that. We would move more quickly if the minister would withdraw this part of the bill and go on with the rest of it. Why does he have this provision in the bill? It becomes were verbiage when one considers clause 15. The minister talked of faith. I suggest to the minister that he ought to have faith in his own bill and, if clause 15 means something, he ought to withdraw that part of clause 50 to which I object for the reasons I have outlined.

• (6:10 p.m.)

Before accepting the wording of the MacPherson commission report in its entirety the minister should read the divergent opinion expressed by Mr. Gobeil. This is important to us in western Canada. We are willing that individual studies should be carried out, preferably on the quiet so that the railways do not know about it and throw in a confusion of figures and talk about ton-miles when they do not mean anything. As to an economic study, fine and dandy; we are ready to stand up to that. But a public inquiry is another matter. None of them so far has produced an accurate assessment of the cost of moving grain. The Turgeon Commission did not do so. The MacPherson Commission certainly failed to do so, as the majority report admits. There were four different sets of figures. The minister would shorten this debate if he would remove clause 50 and have faith in clause 15 because clause 15 gives the board power to undertake all that he wants to do.

The Deputy Chairman: Before I hear from the hon. member for Moose Jaw-Lake Centre may I ask the indulgence of the committee in order that I may make an announcement concerning the adjournment proceedings at ten o'clock tonight?

Some hon. Members: Agreed.

[*Translation*]

The Chairman: It is my duty, pursuant to standing order 39A, to inform the house that the questions to be raised on the adjournment motion tonight are as follows: the hon member for Lapointe (Mr. Grégoire), Shipping—Winter navigation on the St. Lawrence; the hon. member for Sherbrooke (Mr. Allard), Administration of Justice—Petition of Louis Sicotte for a review of his two trials; the hon. member for Kootenay West (Mr. Herridge), Canadian Centennial—Trail, B.C.—Request for stop-over by centennial train.

[*English*]

Mr. Pascoe: Mr. Chairman, I was waiting to see whether the minister would rise, accept the suggestion made by the last speaker and withdraw this clause, in which case it would have been unnecessary for me to speak again in this debate and emphasize the necessity to preserve the Crowsnest pass rates intact.

I have spoken briefly on this subject on an earlier occasion. Last night I was in agreement with the minister to a certain extent when he indicated that the commission would use its own figures when deciding how much revenue was received from the transportation of grain for export. This evening I feel I am bound to add a few words to what I have said. As a western member I can do no less in defence of the complete maintenance of the statutory provisions governing the Crowsnest pass rates which were established in 1897. The minister must accept some responsibility for my speaking again on this subject because I got the impression from his remarks last night when he addressed the committee that he considered the revenue from hauling grain to be insufficient and that there would be need for a subsidy. We in the west feel that the payment of a subsidy would be the thin edge of the wedge leading to the removal in the end of the statutory grain rate.

Our position is that the revenue derived from hauling grain is compensatory, that it sufficiently repays the railways for hauling this freight. I will try to prove, to my own satisfaction at least, that the revenues in this

respect are already sufficient. Indeed, the railways are earning money today by transporting grain at the statutory rate. The Canadian Pacific Railway is certainly being recompensed by returns from grants of land made when the transcontinental line was being completed. What I am trying to say is that the statutory agreement on rates was reached as part of a broader agreement whereby the C.P.R. received lands and money grants for building the line. In addition to the money it is earning by transporting grain the company should take into consideration the return it is getting from the crown lands which were granted and from the money which it received.

The minister has heard many arguments in this connection and I do not intend to repeat them all. What I wish to do is put on record opinions expressed in some of the briefs which support our arguments. As we can see from the maps which the minister was good enough to make available to the committee, the prairie west is the one area which stands to lose most if there are changes in the statutory rate. We have discussed this before in the house. I was very concerned about the proposal to remove the bridge subsidy which pays in part for the long haul around Lake Superior. This argument has no direct connection with the point we are now discussing but it does show the vulnerability of the prairie west unless it is given full protection in the sphere of freight rates.

The following comment is from the *Country Guide* in which Dr. J. C. Gilson of the University of Manitoba is quoted as saying:

> The railways must be permitted to operate on a sound economic basis. At the same time, however, nothing must be done which will unduly prejudice the competitive position of western Canadian farmers on the international markets of the future.

It is upon these lines that we are arguing today. We are taking account of the future prospects of the prairie west and we are seeking to bring about the best possible arrangements for railway operation. I know the minister is sympathetic to this argument. I give him that credit. However, there are others behind him who expressed opinions in the standing committee which did not appear to be very sympathetic toward maintenance of the Crowsnest pass rates. In this connection I read statements made by the hon. member for Vancouver Quadra, as recorded at page 2797 of volume No. 39 of the proceedings before the standing committee on transport and communications. The following appears on that page, after presentation of a brief by Mr. Lloyd, leader of the opposition in Saskatchewan:

> • (6:20 p.m.)
>
> Mr. Deachman: Mr. Chairman, I wanted to refer to some remarks Mr. Lloyd made earlier about the grain movement being captive and the shipping of potash being captive. In the sense that grain moves under a statutory rate, certainly the grain trade is not captive to a rate set by the railway, is it?
>
> Mr. Lloyd: As long as those rates remain.
>
> Mr. Deachman: Yes. It is a statutory rate and it is an advantageous statutory rate set long ago by the federal government.
>
> Mr. Lloyd: Whether it is advantageous or not I would say has not really been fully satisfied.
>
> Mr. Deachman: Well, it is a statutory rate set by the federal government and one which we have not found people advocating the removal of before this committee.

I certainly agree with that.

> One might say that rather than the grain shipper himself being captive, the railway in this instance is the captive, is he not, Mr. Lloyd, because the rate is set for him by the public, or indeed by the very shipper himself?
>
> Mr. Lloyd: No. As I said earlier when I interrupted you, Mr. Deachman, I am not sure that that case has been proven and, as I say, in the bill I share the sentiments of many people—and we heard something of it from Mr. Frawley this morning—that these rates are not necessarily as disadvantageous to the railways as is frequently presumed.

I have read that part of the record because it is my personal opinion that at committee hearings some hon. members were not very sympathetic toward maintaining the Crowsnest pass rates.

At page 2785 of the same committee proceedings the Minister of Transport is recorded as saying:

> Regarding the Crowsnest votes—

I guess that means rates.

Mr. Pickersgill: I never had time to revise it.

Mr. Pascoe:

> —in such a study—

The reference is to re-examination of the rates within the next three years.

> —there should be the fullest opportunity for interested parties to present their views. And indeed, not merely to present their views, but also to contest the facts submitted in such a review.

I find no fault with that although I am going to argue later that we do not need a review, as has also been argued by the hon. member for Jasper-Edson.

The National Farmers' Union said in its brief:

> We recommend, therefore, that net revenues to the C.P.R. in the movement of export grain under the terms of the Crowsnest pass rates agreement be considered in the light of revenues annually accruing to the C.P.R. from related concessions and land grants and the movement of other commodities.

I believe that last phrase about other commodities was a correction to this brief, and it supports my argument about giving consideration to the very large grants made to the C.P.R.

The Saskatchewan government also presented a brief. It is a Liberal government. I have criticized its brief previously and I voice that criticism again. I believe it said that the federal government should go ahead with this bill and it raised no public objection to it. The Liberal party of Manitoba also submitted a brief, I believe some time in November, in which it said:

> If there were any suggestions that such a study—

Again referring to the study within the three years.

> —could lead to cancellation of Crowsnest rates then the Liberal party of Manitoba would oppose any such move with all the resources at its command.

I remember the discussion on that brief and that the people who presented it were just as concerned as most western members about possible damage to the statutory agreement.

The Canadian Federation of Agriculture had this to say:

> First, it is unacceptable that there should be provision for subsidy attributable to the movement of grain under the statutory Crowsnest pass rates. We are convinced by careful study that these rates are compensatory, properly considered. In any case they form a basic plank of national economic policy in this country from which the railways and the country have profited and still profit, as well as the farmers. There is therefore no excuse, in our very strongly held opinion, for legislative provisions which run the risk of attributing an alleged transportation "subsidy" to the western grain grower. Such a procedure attaches a stigma of farm subsidy to the Crowsnest rates which is completely uncalled for.

That strongly backs up what was said a few moments ago by the hon. member for Jasper-Edson in answer to the suggestion that there is a need for a subsidy.

On October 18 last Canadian Co-operative Wheat Producers Limited presented a brief to the standing committee in which it said:

> The Question of the Crowsnest Pass Statutory and Related Grain Rates
>
> The position of the wheat pools on this question is in no doubt among ourselves or among any members of the Canadian parliament. Our position is that we strongly support the principle of maintaining the Crowsnest pass statutory rates as an instrument of national policy under the control of parliament.

That was part of the argument in which we have been engaged regarding the control of parliament over any decision by the new commission with respect to these rates. These views that I have put on record have proved the point I am trying to make.

• (6:30 p.m.)

I referred previously to the proposal for an inquiry to be held within three years into the revenues and expenses connected with the transport of our western grain. I think that any commission which is set up should not be in too great a hurry with regard to making this revenue and expense inquiry because, as others have mentioned, the handling and transportation of grain is something which is changing very rapidly. Within the next few years there will be even greater changes. I certainly think that if this inquiry were postponed for more than three or four years, until the whole transportation system is worked out, there would then be available a better picture of what the operations will be in the years to come.

Supporting the argument concerning changes, I have here a picture from the *Western Producer*. The picture shows two very large diesel locomotives and the accompanying text states that—

> —these two 3,000 horsepower diesel locomotives are among 32 the C.P.R. has ordered for delivery this year.

The reference is to the year 1966.

> In a mountain test, the two units hauled 90,000 bushels of Alberta wheat from Calgary to Revelstoke, showing a 60 per cent greater capacity than locomotives now in use. Previously, they had moved 63 cars from Medicine Hat to Calgary in three hours and 30 minutes, just nine minutes more than the schedule of the C.P.R.'s crack passenger train, The Canadian.

With these very much larger diesel locomotives hauling 90,000 bushels of wheat in one haul, I certainly think the expenses of the railway will be cut down. Another report here states that in 1966 the C.N.R. delivered a total of 138,500 cars carrying some 277 million

bushels of grain to Fort William, Port Arthur, Churchill, Vancouver and Prince Rupert. It states further that these figures represent 22,531 cars more than were moved in 1965. It also reports that C.N.R. officials have said they expect that this greatly increased movement of grain will continue all winter. The report in the *Western Producer* goes on to say that the C.P.R. announced gains in profit. Both the net earnings of the C.P.R. and those of the C.N.R. showed a considerable increase for the 10 months reported in 1966.

I believe this strengthens the view I am attempting to express, that within the next few years the whole transportation system in respect of the movement of our grain will be greatly improved. It would seem under these new arrangements that the railways certainly will earn sufficient revenue from the movement of the grain to more than offset the expenses incurred under the Crowsnest pass rates.

I should like to repeat the plea made by the hon. member for Jasper-Edson, that this matter of an inquiry into the revenue and expenses of the railways under the Crowsnest pass rates be not pressed at this time or if it is pressed that there be a longer period before such an inquiry is held. If this section is not to be deleted, then I would suggest that it include some reference to the possibility of the railways using the same running rights, or something along that line. I think this also is something which should reduce the expenses and help the railways in respect of their costs.

Mr. Deachman: Mr. Chairman, in listening to the remarks of the hon. member for Moose Jaw-Lake Centre, I was very interested in the quotations to which he referred from the minutes of proceedings and evidence of the committee on transport and communictaions, and in particular the quotation of the exchange between myself and Mr. Lloyd, the ex-premier of Saskatchewan, on the subject of the Crowsnest pass rates. It is on this subject that I wish to make a few remarks. I shall do so, not from the viewpoint of the people on the prairies, but rather from the viewpoint of the farmers in the Fraser valley when they look at the Crowsnest pass rates in relation to the matter of domestic grain. The farmers in the Fraser valley have a problem which they brought to Ottawa some time ago, and which still remains unsolved.

[Mr. Pascoe.]

I should like to refer to new section 328 at page 41 of the bill, where under subsection 1 the Crowsnest pass rates are described as—

—rates on grain and flour moving from any point on any line of railway west of Fort William to Fort William or Port Arthur—

Now, if you will turn to subsection 2 you will see that it refers to rates on grain and flour moving from any point on any line of railway west of Fort William to Vancouver or Prince Rupert, for export. The additional words here are "for export". Then it continues with the words "over any line of railway now or hereafter constructed", and so on. Subsection 3 reads as follows:

Rates on grain and flour moving for export—

Again the words "for export" are used here.

—from any point west of Fort William or Armstrong to Churchill over any line of railway—

That simply means that when grain moves from the prairies eastward to the head of the lakes it moves as grain, but when it moves from the prairies to Vancouver or the western seaboard it moves as export grain, or moves as domestic grain and under different rates.

Under the Crowsnest pass agreement there is one rate for shippers shipping grain eastward, whereas there are two rates in respect of grain being shipped westward to the coast or to Vancouver—an export rate and a domestic rate. When the committee on transport and communications held hearings in respect of this bill, Mr. L. A. Currie, chairman of the feed and grain committee of the British Columbia Federation of Agriculture, and Mr. B. H. Creelman, chairman of the British Columbia Feed Manufacturers Association, appeared. Between them, these two gentlemen and their associations represent virtually all the farmers of British Columbia and the feed grain producers of British Columbia. They presented a brief which deals with this problem, and the effect of it upon those who are users of domestic grain particularly for the feeding of livestock, poultry and so on in British Columbia.

• (6:40 p.m.)

They point out that the export rate from Calgary to Vancouver is 20 cents a hundredweight or $4 a ton. The domestic rate from Calgary to Vancouver is 65 cents a hundredweight or $13 a ton. So that if you want grain for domestic use or for feed in the Fraser valley you may get it from an elevator in Vancouver and it is the same grain that is poured into ships and sent overseas, in which case it is grain that is moved at $4 a ton.

However, if you take the grain from that elevator up to the farms in the Fraser valley, the freight rate now becomes $13 a ton. A federal subsidy applies to this, of course, and absorbs most of that charge. The subsidy amounts to $8.60 a ton between Calgary and Vancouver; with a domestic rate of $13 a ton, there is an abatement of freight charges by way of subsidy of $8.60.

Let us now consider the freight charges from Calgary to Fort William, a much longer rail distance. From Calgary to Fort William the rate is 26 cents a hundredweight or $5.20 a ton. That rate is an export rate as well as a domestic rate. Grain moves at exactly the same freight rate eastward from Calgary whether it is for export or for domestic use.

So if you happen to be feeding poultry or livestock in eastern Canada, Mr. Chairman, your feed carries the same freight rate as export grain. On the other hand, if you happen to be feeding poultry or livestock in the Fraser valley you are going to pay something in the neighbourhood of $8.60 to $9 a ton more for the carriage of your grain.

What the farmers and others interested in British Columbia say is this: Let the railways move this grain at the same rate that grain is moved eastward under the Crowsnest rates and give the farmers in British Columbia precisely the same treatment eastern Canada enjoys in the eastward movement of grain. It is not an amount of grain that is very significant. I understand the whole of the subsidy that is paid is in the neighbourhood of $2 million. The farmers of British Columbia ask that the subsidy be removed and that shipment of grain westward stand on its own feet under the Crowsnest rates. The farmers of British Columbia also ask for the same privileges and advantages when it comes to feeding livestock and poultry as are granted to anyone living east of the head of the lakes.

I suggest this is a reasonable appeal, Mr. Chairman. It is not one which would in any way distort the bill. They have made this appeal to this house and to the Canadian government time and again, and I think it is a very valid one. Therefore, I ask whether the minister would consider the matter at this time.

I realize that the appeal was rejected by the minister at the time these gentlemen appeared before the committee, in part, as he pointed out, because the province of British Columbia had made no particular appeal for the removal of this subsidy.

Mr. Pickersgill: The government of British Columbia said they did not want it removed.

Mr. Deachman: That is correct; and it is because the province of British Columbia are the operators of a railway. The operators of railroads are all in favour of keeping the rate up In moving feed grain into the Fraser valley the railway enjoys the umbrella created by the subsidy, and wild horses would not pull Mr. Bennett to Ottawa to ask that his railway forgo the protection the federal government affords it in the form of this subsidy. Mind you, Mr. Chairman, this subsidy goes into the pockets of the treasury of the Pacific Great Eastern, whereas the subsidy provided Canadian railways moving grain into the Fraser valley comes out of the treasury of Canada. So the most I can say is that in its recommendations the province of British Columbia simply reinforced the argument of the farmers for the removal of this subsidy.

There are a couple of ways this can be done, Mr. Chairman. By simply striking out the words "for export" in these proposed sections the government could bring about easy amendment of the bill. The freight rates would then stand on their own feet. Alternatively, if the government wanted to drag its feet on this—and God knows, governments have dragged their feet on this for half a century, in and out of every type of government—it could include in section 329 a provision that this question be examined when the Crowsnest rates come up for review three years from now.

At this time I am sure that an opportunity will present itself to review this question, along with other matters affecting the Crowsnest rates. So I would appeal to the government before the bill passes to reconsider what the hon. member for Kenora-Rainy River and others have said many times about this question, and to let the people of British Columbia enjoy the same privileges under the Crowsnest rates as the people of Ontario. We would be very happy if this were done, and would fall into the minister's arms in admiration of this bill.

Mr. Churchill: Would the hon. member permit a question?

Mr. Deachman: Yes.

Mr. Churchill: Would the hon. member now display his courage and move the appropriate amendment to enforce his sound argument? He might get quite a bit of support for it.

Mr. Deachman: The bill is in the hands of the government, Mr. Chairman. If the government moves an amendment to strike out the words "for export", which it is within its power to do, then I will support it.

I have had indications from the hon. member's side of the house that he and his colleagues are not too well disposed toward granting the people of British Columbia the same privileges they themselves enjoy on the prairies. I would not want to move an amendment which I know would only embarrass my hon. friends opposite. I just want to assure the people of British Columbia that justice will be done to farmers in the Fraser valley.

Mr. Churchill: No courage.

• (6:50 p.m.)

Mr. Sherman: Mr. Chairman, I wish to support some of the preceding speakers from this side of the house, notably the hon. member for Acadia, the hon. member for Moose Jaw-Lake Centre and the hon. member for Jasper-Edson in the position they have taken with respect to new sections 328 and 329 of this legislation, particularly in so far as the proposed review of the Crowsnest pass rates is concerned.

Section 329 contains a good many flaws. I think some of them were expertly outlined in detail by the province of Manitoba in its brief to the standing committee on transportation. For example the Manitoba brief pointed out that section 329 (1) and section 329A (3) lack a certain consistency in that section 329A (3), to which we will shortly be moving, deals with the movement of grain in bulk for export and the movement of flour for export, by railway to an eastern port from an inland point at levels of rates consistent with section 334, and provides that such rates shall be published in the *Canada Gazette*.

New section 334 states that rates shall be compensatory and defines what should be considered in determining variable costs for the movement of traffic. Sections 329 (1) and 329A (3) should be consistent, as the Manitoba brief points out. The Manitoba submission goes on to recommend that section 329 (1) be amended in order to supply this missing element of consistency. I am not going into that level of the argument at this point, Mr. Chairman, but I make reference to it to buttress my contention that section 329 of this legislation contains a great many flaws. Of all the flaws the greatest is the reference in the section to costs and to the attention that would be paid that subject in any review. As hon. members of the house are now well aware, section 329 (1) provides as follows:

> Not later than three years after the coming into force of this section, the commission shall inquire into the revenues and costs of railway companies subject to the jurisdiction of parliament that are attributable to the carriage of grain and grain products at the level of rates established or maintained pursuant to section 328—

This section further provides that the commission shall report such revenues and costs to the governor in council and the amount of payments necessary, in the opinion of the commission, to assist such railway companies to meet the costs of operations, etc. This reference to costs is a trap into which some members of the standing committee on transportation are not disposed to fall again. We heard a good deal about costs in the standing committee, particularly railway costs, and many of us have come to the conclusion that at this stage of the game a reference such as that made in section 329 (1) is little short of legalistic quicksand for us, because we have fallen again and again into this trap, where costs in the operation of the railway companies of this country are concerned. The warning signals being up, our personal radar is attuned to the danger this time and we are not disposed to fall into that trap again.

The committee heard a great deal about railway costs, how they would be arrived at and to what extent they would be available in our consideration of this legislation. With your indulgence, sir, I would refer to a specific dissertation on this subject by Professor George H. Borts who was one of the witnesses who appeared before the standing committee on behalf of the provinces of Manitoba, Alberta and the Maritimes Transportation Commission. At this juncture I should like to quote from the submission of Professor Borts to the standing committee:

> Much has been made in the past of the need to protect the confidential nature of operating cost data of the railways. The railways have argued that public knowledge of such information would place them at a competitive disadvantage with respect to other modes, namely truckers. The competitive, position of the railways vis-à-vis the trucks is supposedly defended by a general ignorance of rail variable costs. The railways feel that if the trucks had such knowledge, they would know which areas of rail traffic are vulnerable to rate competition. Following this argument, the trucks would speedily act to cut rates on such traffic and drive the rail service out.

Professor Borts went on to say:

> I find this to be a ludicrous and coloured picture of competition in the marketplace. The rails over time have lost high-rated traffic to the trucks because of the constant pressure of competition pushing both shippers and truckers to find those

commodities and services where truck can displace rail. It has not been necessary for these parties to know rail costs. All that is needed is a truck rate and truck service which is better than the rail rate and rail service. That a more perfect knowledge of rail costs would cause additional loss of traffic to the trucks is a hypothetical statement without empirical foundation.

I should like to continue quoting from this submission, Mr. Chairman, if you will allow me that freedom for one more moment. Professor Borts said:

It will not be possible to carry out the costing activities required in this act if rail costs are to be kept confidential. For the costing activities required in this act will necessitate the determination of system average cost scales for the railways, as well as the determination of long-run variable cost for particular items of traffic and branch lines. How can the commission make such information publicly available without revealing rail cost information? How can it carry out its mandate without making such information publicly available? Is the commission to operate in secret?

On the subject of costs that was the position taken by this witness when he appeared before the standing committee. It was echoed and re-echoed, lined and underlined, intensified and re-intensified a score of times as the standing committee met last autumn to consider this proposed legislation. Everywhere the nub of our questioning was for some information about the precise and actual costs data and costing procedures of the railroads, and at every turn we were frustrated in our search; so we were never able to bring any sort of costing or accounting expertise to our deliberations on this subject.

Therefore I suggest that when we consider section 329(1) and (2) and the fact that the commission in carrying out this suggested review will be dealing with revenues and costs in so far as they are available from the railway companies which are handling export grain, there is indeed a legalistic and semantical patch of quicksand contained in that language into which we do not intend to be led blindfold again.

Mr. Pickersgill: Mr. Chairman, I wonder whether I could ask the hon. gentleman a question?

Mr. Sherman: Yes, sir.

Mr. Pickersgill: Is the hon. gentleman suggesting for one moment that any of the costs of moving grain or any of the revenues which derive from moving grain given in this review would be in any way confidential, because certainly that is not the intent of the bill, nor will it be possible. This bill provides, not merely in this clause but in every other case where there is any possibility envisaged of any payment out of the treasury, that all the figures must be public and subject to examination by any person interested.

• (7:00 p.m.)

Mr. Sherman: I am grateful for that assurance and I am sure the minister speaks with all conscience and all responsibility when he makes that statement but the fact remains that time and time again we in the standing committee on transportation have run up against this problem of the lack of costing information. Frankly I would have to say that it will have to be demonstrated to us that precise and specific costing information will be available to the commission. If it is available to the commission I would ask why it cannot be made available to the standing committee on transportation?

Mr. Pickersgill: There would have been no difficulty in securing costing figures in the standing committee on the movement of grain by the railways. The cost figures that were in question in the standing committee regarded specific types of traffic on which no subsidy of any kind was proposed to be paid. But the moment the treasury comes into the picture it would be preposterous to suggest that the figures could be kept secret.

Mr. Sherman: I appreciate that, but there is considerable anxiety and mistrust in certain parts of the country, notably in western Canada, and in certain corners of this house, notably among some members of the standing committee on transportation, as far as the cost figures are concerned. It arises from the difficulty the committee has in that area of investigation.

There are some further remarks I should like to make on this clause, and I should like to continue my speech after the adjournment period. May I call it seven o'clock?

Mr. Pickersgill: Mr. Chairman, I am not sure that there was an express understanding about an adjournment but perhaps there was an implied one. I am perfectly agreeable to having the sitting suspended until eight o'clock.

The Deputy Chairman: Shall I rise, report progress and request leave to sit again later this day?

Some hon. Members: Agreed.

Progress reported.

The Acting Speaker (Mr. Rinfret): I understand there has been an agreement that the house will suspend the sitting between seven and eight o'clock. Is this agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Rinfret): Is there agreement to resumption of the business interrupted a few moments ago?

Some hon. Members: Agreed.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed consideration in committee of Bill No. C-231 to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Rinfret in the chair.

On clause 50—Crowsnest pass rates.

The Chairman: Pursuant to an order just passed, I do now leave the chair.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 8 p.m.

Mr. Sherman: Mr. Chairman, when the committee recessed an hour ago I was in the process of outlining the anxieties of western Canada, and certain members of this committee as well as the standing committee on transportation, relating to the subject of railway costs. I was referring to proposed section 329(1) which contains provisions relating to the revenues and costs with respect to the railways' grain carrying operations, and the information that would be studied by the commission during the review proposed in this legislation. The minister made the point that there should be no cause for concern about the question of costs in this context because the information would be requested by the treasury, and certainly there would be no opportunity for any pertinent data to be withheld. This is encouraging assurance from the minister, and I accept it in good grace.

However, I emphasize what I said before the dinner recess, that a good many of us will have to be shown that this precise costing information that we feel is absolutely essential to the work of the commission will, in fact, be available. As I suggested, sir, we have experienced considerable frustration going down that path. The hon. member for Rosthern, in an eloquent dissertation in this house yesterday on this subject made this point, and I quote from his remarks as recorded on page 11866 of *Hansard*:

> When we take a look at the cost accounting which was part of the various submissions from the railways in the years gone by, the failure on their part to substantiate their claims that they have incurred losses in the movement of grain under the Crowsnest pass rates, and the failure of this bill to provide what I believe to be the necessary machinery for parliament to study this matter effectively, we must come to the conclusion once again that this is an open door for the railways to make profits which will affect the welfare of western Canada.

I believe the remarks of the hon. member for Rosthern, which I have just quoted, effectively and eloquently crystallize one of the concerns of a great segment of the population of this country, and particularly that concern relating to proposed sections 328 and 329 and their effect on the Crowsnest pass agreement. I have said that this proposed section 329, in my opinion, contains many serious flaws. I said the first and most obvious flaw was inconsistency. In my view a greater flaw is this rather unsubstantiated and unsupportable faith in the revenue and cost figures that are purportedly going to be made available to the commission for this proposed Crowsnest rates.

However, the greatest flaw in the proposed section 329 is the provision for a review within three years after the coming into force of this particular section. I submit, sir, that any attempt to carry out such a review no later than three years after the coming into force of this section will militate against the welfare of the agricultural industry and, in fact, the entire fabric of the economy of western Canada. There may be some sympathy on this side of the house for a suggestion that such a review be held, but it should not be held less than ten years after this legislation comes into force.

This provision would give the country, the railroads and the commission time to adjust to the sweeping and revolutionary changes that are proposed in this legislation, to adjust to the changes in technology that are required and that are imminent in our transportation milieu in this country. It would be a far more realistic bracket in which to operate than would the period of three years or less. The way this proposed section is worded, the period of time could be substantially less than three years. The suggestion is that this review be held not later than three years after the

coming into force of this section. Under such a provision it is conceivable the review could be held within a very short period of time. With all the changes that are predicted and predictable under this revolutionary legislation, I submit this is an impractical framework of time within which the commission is to operate. As I say, there may possibly be some sympathy for a review within ten years, but certainly there is little sympathy in this party or amongst the members of the standing committee on transportation for a review to be undertaken within the period of time specified in the proposed section 329.

We, in the west, do not want the Crowsnest rates tampered with at all. This point has been made eloquently by other members of this assembly, but I emphasize and underline the position they took. I feel this is no waste of time for this committee or for the country at large because it is a position that cannot be stressed too strongly. The Crowsnest pass rates, Mr. Chairman, are pillars of industry and enterprise in western Canada and are as important to western Canada as is the question of port parity, for example, to the maritimes. The Crowsnest pass rates, and the whole arrangement surrounding them, were won by dint of great effort, not only spiritually but mentally, by the people of western Canada.

• (8:10 p.m.)

We do not want them tampered with. It is our concern for this pillar of our economy, in a mysterious type of future only half-revealed by this proposed legislation, which leads many of us, and leads me, to fight this defensive battle with respect to these rates. We do not want to buy a pig in a poke, Mr. Chairman. We know what we have with the Crowsnest agreement. It is a statutory matter. It is set down in perpetuity, or as far as the foreseeable future may be envisioned. We do not want to risk the stability and security of that institution, so vital to the welfare of the basic industry in western Canada; the industry that is in fact vital to the economy and welfare of this nation as a whole.

At some time we may favour a review, but we do not want that written into the legislation. We do not want to commit ourselves in black and white, in the printed word, to a review to be held within three years, as the legislation proposes. We do not want to say, either, in black and white, that we should never be interested in having such a review, or that we could never be persuaded that a review might be practical and necessary. A review of the agreement might well be necessary in short order. But we should prefer to have such an undertaking available to us in an informal way. We should prefer the legislation to be drafted in such a way that no specific reference, for or against the proposed review, is incorporated in it.

Subsections 1 and 2 of section 329 in my opinion threaten the security of the western agricultural industry. They do that, whether the minister admits it or not. Those subclauses threaten the security and the status of our western farm industry, because they provide for a review that in the final analysis will serve only to encourage and incite public opinion against the western farmer.

The freight rate battle has been fought and won, and is incorporated in a statutory way as a policy affecting our national industry and political life. To reopen the issue, to fight it again, to present an opportunity for all the conflicting arguments, vested interests, power groups and all attendant parties to argue their cases again, to introduce again their prejudices and particular attitudes, is, in my estimation an invitation to virtual destruction. At the least, it is an invitation to embarrass the western farmer and the western agricultural industry.

I appeal to the minister to consider complete elimination of section 329 from the proposed legislation. He has listened patiently and responsibly to many representations on this subject during the past few days. Counting his time with the standing committee, he has listened to representations with patience, interest and scholarly mien for four or five months. He has accepted recommendations and amendments in substantial numbers. He has accepted improvements to his legislation. I appeal to him not to spoil his record. I suggest that the ultimate outcome, the ultimate result of the section as it is incorporated in the proposed legislation—the ultimate resolution of the problem, if you like—would be the creation of a situation where the stigma of subsidy would again be imposed on the western farmer. This would do a great disservice to the farmer and to the west in general.

I appeal to the minister who, with admirable and exemplary attention to detail and the feelings of all hon. members of the house, has devoted himself to piloting this bill this far, to let this legislation be his monument, and to consider the request from this side of the house that section 329 be removed. By so doing he would incorporate into the bill a

respect for the west and its agricultural industry that at present is missing as a result of the wording of the section in question.

Mr. Watson (Assiniboia): This is again one of the most important clauses of Bill No. C-231, as it pertains to agriculture and western Canada in general. I cannot help thinking of the time when Saskatchewan and Alberta became provinces, and of the fights that the farmers had prior to this time with the railway and grain companies, when they wanted to build a method of transporting and handling their grain.

The Crowsnest rate, set up in 1897 as a statute of Canada, protected the railway companies as well as the farmers who were to use the rails at that time. Over the past 60 years it has been instrumental building up the west, through the railways. We have now come to the point in our history where, through legislation, changes may affect the economy of Canada.

We do not say things should not be reviewed. It in only fair to review some things when we talk about railway abandonment. Some portions of line may be uneconomical to run, and they should be done away with.

Section 329 (1) says:

> Not later than three years after the coming into force of this section, the commission shall inquire into the revenues and costs of railway companies subject to the jurisdiction of parliament that are attributable to the carriage of grain and grain products at the level of rates established or maintained pursuant to section 328—

• (8:20 p.m.)

I said that the agreement was set up for the protection of the railways. It guaranteed them a steady flow of business at certain prices. The agreement gave the farmers of western Canada the only protection they had. When I look at this map of the railways in the prairie provinces it becomes apparent that this vast network is maintained today mainly out of the revenue derived from the haulage of grain. Basically there is nothing else. There is an odd line such as the Pine Point Railway to service mineral developments in the north; there is the occasional branch line to service potash developments. But these are isolated cases. The Crowsnest rates are the only means we have of guaranteeing protection to the farmers and producers who use these railways. When we begin to make provision for a review of revenue not later than three years from now, it is the thin end of the wedge—

Mr. Pickersgill: The hon. gentleman is repeating a phrase which two or three of his hon. friends have used. I have the impression that notwithstanding the fact that I have tried several times to correct it, my efforts have been completely without success. Let me repeat: There is no intention whatever, indeed it is forbidden in this bill, to review the Crowsnest rates. They are frozen as hard as any legislation could possibly freeze them, for all time to come. We have even improved the situation by freezing them specifically for Churchill.

The review has to do with the cost of moving this grain, and nothing else. The review will not endanger the Crowsnest rates in any way whatsoever; in fact, it will safeguard them, and if hon. gentlemen opposite are right in believing that the rates are compensatory, the sooner someone can establish that contention objectively, the better, because then nobody could attack the rates. This is what we are seeking to accomplish.

I am just a little resentful of the implication in the speeches from members opposite that I—and all I have ever done in this house has been to strengthen the Crowsnest rates—am trying in some insidious way to get rid of them. I am doing the exact opposite. But I think the Canadian people are entitled to know what the position really is, since a royal commission appointed by the Leader of the Opposition said that these rates are not compensatory. We do not accept that view, but we do not say the reverse. All we say is that within three years an objective commission must find out what the facts are. If they reach a certain conclusion, they can recommend that a certain payment be made to the railways so that we can safeguard the Crowsnest rates. That is what we are trying to do. When the Meighen government destroyed them after the first world war, the Liberal government brought them back.

I am getting tired of this situation which is developing in the committee. The only time in the history of this country when there was any attack on the Crowsnest rates was after the first world war, and the attack was made by a Conservative government. I think they learned their lesson. We are trying to embed these rates as firmly as we can in the constitution. But hon. members should bear in mind that these rates are the only rates which have guaranteed almost in perpetuity in the whole freight structure in this country in favour of western farmers. All we are saying is that if these rates are not compensatory the treasury should pay for the difference, and not the other freight shippers in the rest of Canada. Surely, this is a reasonable position to take. It

is surely not fair for the eastern farmers or for the fishermen of the Atlantic provinces, or for the people of British Columbia to be expected to pay higher freight rates in order to maintain the Crowsnest rates for the benefit of western farmers. If the Crowsnest rates do not themselves pay the costs, then the treasury should make up the difference. That is all this bill says—absolutely all it says. It does not say they are not compensatory.

I think that if hon. gentlemen opposite had the faith they pretend to have, they would not be a bit afraid of this review. The only thing one can conclude from their desperate fear of this review is that they do not really believe what they themselves are saying. If they really believed that the railways are now making money moving grain, why are they worried about having the facts made known to the public? There should not be any concern on their part if the rates are compensatory. The only reason for them to be worried would be if they were not—and I do not understand what worry there would be, then, because the legislation practically says that if the rates are not compensatory the treasury should make up the difference. That is all there is to it, and I think it is about time we faced the facts as they are in the legislation. I have tried to be patient about this and I intend to continue being very patient, but it is hard to go on and on hearing members opposite say the direct opposite of what the plain English in this bill is saying.

That is my only reason for interrupting the hon. gentlemen who, I may say, is one of the least offensive members in the whole house, an hon. member for whom I have the greatest esteem; I only wish that in the kind of occupation in which I engage I could do as well as he has done for himself by raising wheat.

Mr. Sherman: The minister spoke of the faith which we on this side of the house may, or may not, have. Would the minister not agree that the frustration we have encountered with respect to some of our investigations in the standing committee would not be calculated to enhance our faith in the legislation?

Mr. Pickersgill: I certainly would not agree with that at all. I think it was the hon. member for Winnipeg South, when he was talking about an effort being made to find out certain information about the rates for the movement of commodities other than grain, and the cost with respect to other commodities, who lit the fuse, which blew about two hours later. I make no complaint about the inquiry in the committee; I think the hon. members concerned were entirely within their rights. But as to those other rates, there was no suggestion at all that there was to be any payment out of the treasury.

• (8:30 p.m.)

Before the evening is over I will go through the bill and draw attention to every case where costs have to be made public, so the hon. gentlemen will not have to take my word for it; it is right here in the bill. When it is a question of money going out of the public treasury I do not think hon. members should insinuate that we will not have the most thorough scrutiny of the figures. I think I am properly reluctant when I say I do not wish to force the railways to provide us with confidential information, since we are not going to force shipping companies and air lines that may be competing with them to provide the same information. I think it is the desire of hon. members to treat the railways fairly, but I can say that whoever will be sitting on these treasury benches three years hence, if the review should show that the rates are not compensatory, will have to ask parliament to vote money for the railways and ask the taxpayers of Canada to pay that money. Nobody is going to be as anxious as the government to prove that these rates are compensatory.

Surely it must be apparent to all hon. members that we do not want to have to pay anything to the railways, and that we want them to be in a position to earn their own money so that they do not have to come here asking for handouts. I fervently hope that these Crowsnest pass rates are proven to be compensatory. I fervently hope Mr. MacPherson was wrong and Mr. Gobeil was right. But after all, we paid a lot of the taxpayers' money to get this royal commission report and we cannot lightly disregard it. All we are saying is that we are not going to accept the word of the MacPherson commission, and since a doubt has been raised then over a three-year period we will resolve that doubt. If, as the result of a three-year review, it is shown that the rates are compensatory, then no government is going to pay on that basis for another year. The rates are going to be under constant scrutiny. The treasury will be constantly anxious to make the railways more efficient and to make then adopt modern methods of carrying grain so that nothing will have to be paid out of the treasury for the carriage of grain. This will be the real objective.

Hon. members will have to excuse me for speaking a little warmly about this but I think we ought to face the facts in this matter and not be afraid of them. You know, Mr. Chairman, this great wheat economy in western Canada is responsible for the fact that we have a country. If the Fathers of Confederation had been wrong, if this great area that a lot of people did not believe was worth anything had proven not to be worth anything, do you think British Columbia would have remained in confederation very long, with all that distance in between?

We had a poor period in the 1930's, and perhaps we had some doubts in the late 1950's and early 1960's. But let nobody make any mistake about it: With the way the population of the west is growing at the present time, and with the tremendous technological advances there have been in agriculture and in transport, the west will continue to progress.

I do not say that all years will be equally good. The hon. member for Assiniboia would tell me I was an utter fool if I said that. I too was brought up on a farm and I know you cannot get good crops every year. But we all know that wheat is going to continue to be grown in western Canada and that we are skilled enough to get it to the markets without it being a drag on the taxpayers. The world is going to need that wheat so much that, so far ahead as I can see, western Canada is going to be a pillar of this country.

Mr. Fane: "Going to be"? We are.

Mr. Watson (Assiniboia): Mr. Chairman, I want to thank the minister for his comments. During the first minute or two that he was speaking I thought his speech was starting to make a little sense, but after listening to him for ten minutes I came to the conclusion that the same thing is wrong with the bill as was wrong with what we have just heard: There is so much in it that we really do not know what is in it.

This new section says that not later than three years after it comes into force the commission shall inquire into the revenues and costs of railway companies. That is just opening up another keg of worms.

Not only the farmers of Saskatchewan but the people of western Canada decided eight or ten years ago that they had no faith in the party forming this government, and this is just another item of business in which we have no faith. Just today I received three letters, not pertaining entirely to railway legislation, but all saying, "I am a Liberal," or this that and the other thing, "but I have lost faith in what the government has done within the last little while."

What the farmers and many other people want is good, plain, simple legislation that they can understand. If we agree that the Crowsnest pass rates are right, then there is no necessity for this new section. We do not need to examine them in three years, five years or ten years time. I only wish that the railways would produce sets of figures that an ordinary man, or a lawyer or accountant could understand. The railways have nothing to hide, but their figures should be put in terms that we can understand.

A day or two ago when I was speaking about rail line abandonment I gave figures with respect to a 26 mile stretch of railway. The actual cost for transporting grain in 25 trips on that stretch of line was $5,800. The revenues were $110,000. But after the railway got through with its figures, both off line and on line, they came up with a cost of $177,000. It is absolutely ridiculous to start talking in those terms. We need a formula that we can understand. Until we have a formula which says A plus B equals C we are not going to be able to trust any figures pertaining to rail line abandonment or to the Crowsnest pass rates.

I give the example of a regular way-freight operation running into my home town and down into the southern part of Saskatchewan. There are two trains a week, but last year the amount of grain shipped out averaged just a little better than 6 cars per train. A thing like that is the reason why it is costing the railways so much money. The whole method of operating is wrong. We need an efficient manner of operating. No farmer today could operate under the system we are maintaining for our railways and make a decent living. Automation and modern facilities are required.

• (8:40 p.m.)

We have our large modern diesel engines. Let us modernize the other grain handling facilities so that we can get down to a point where the grain is handled efficiently. Then there never should be any question about the Crowsnest pass rates. When we look at the farming situation in the west today we can see that the small farmers are having difficulties. The way to carry out this operation is on a bigger scale so that there is greater efficiency. The railways are big. They have no competition. There are only the two railways in Canada and they have the grain business entirely sewn up. There is no reason why they

cannot carry on this business of moving grain efficiently.

I should like to suggest to the minister that if he wishes to clear up the doubt which exists in the minds of the railway users, he should remove this section from the bill. I can see no reason for it. He said that the purpose is to protect the Churchill rates. If this is so, then I would suggest that it should be stated in simple English that the intent is to protect the rates at Churchill, and that is it. Then everyone would be able to understand it.

Earlier I used a phrase which apparently irritated the minister a little. I am going to repeat myself and say again that I think it is the thin edge of the wedge to open the door so that this can be reviewed. It could go on for 10 or 20 years, but eventually this is the one part of the legislation which could open the door so that some time in the years ahead some railway will come along and say this is the loophole they are looking for.

I say that we should abolish this section. I know the minister is anxious to co-operate so that we can get along with this legislation, and we certainly wish to co-operate with him. I believe this is one instance in which there could be a little co-operation. I am a farmer and I believe I speak for the farmers when I say that there are two clauses in this bill which the farmers do understand and those are the clauses which pertain to rail line abandonments and the Crowsnest pass rates. These two clauses are vitally important to every farmer, producer and businessman in western Canada who has anything whatsoever to with the farm economy.

Mr. Chairman, I should like to conclude my remarks by repeating that I believe the minister, who apparently has a good deal of faith in this section, should cut this down and say "This is it", in plain and simple language, so that there can be no doubt between black and white. When one mixes up all the colours it becomes difficult to distinguish any colour. This is the reason I say there is something wrong with this section and this is why I say it should be completely deleted.

Mr. Fane: Mr. Chairman, I had hoped that it would not be necessary for me to speak on the subject of the Crowsnest pass agreement. The minister, however, has not seen fit to withdraw new section 329 subsection 1 of clause 50, and, therefore I find it necessary for me to say a few words. I speak as a prairie farmer from the province of Alberta. It is amazing to me that the minister has not seen fit to withdraw this section. He holds the distinction of somehow being a quasi-westerner. He lived there for a little while and said that he was raised on a farm. One might wonder, however, what has happened to his perspective.

There are things involved in the Crowsnest pass agreement which I have not heard mentioned by any of the eloquent speakers who have preceded me. I thought the minister would have paid attention to such eloquent addresses as those delivered by the hon. members for Rosthern, Mackenzie, Acadia, Jasper-Edson, Moose Jaw-Lake Centre, Winnipeg South Assiniboia and other hon. members who have spoken but whose addresses my other duties did not permit me to hear. However, the minister is sticking to this new section which appears in this bill. Western farmers believe that the Crowsnest pass agreement was bought and paid for and was supposed to last forever. There was an agreement with the Canadian Pacific Railway which was supposed to continue in perpetuity. This agreement was bought and paid for when a large section of land in the three prairie provinces was turned over to the Canadian Pacific Railway, along with the mineral and petroleum rights in respect of it. That was supposed to be the payment for this concession to the farmers of western Canada. The Canadian Pacific Railway has made millions, millions and millions of dollars as a result of that payment. No one can tell me that they have not received adequate payment. I say they have received sufficient payment to have the Crowsnest pass agreement remain in effect in perpetuity.

There is one thing which seems to have been overlooked. I should like to quote from the statement the minister made last night. This statement appears at the bottom of the first column on page 11,868 of *Hansard* for January 16. He said:

> The plain fact is that I do not think any member of this house, if he were to stop to reflect, would be doing the cause of the western farmer any good by suggesting that other freight shippers should have to pay higher freight in order to lower the rates on wheat.

What in the name of heaven is the minister talking about? Has no one told him that the farmer, when he delivers the grain which he has grown, whether wheat, oats, barley, flax, rye, or what have you, pays—in the area where I live—a freight rate of 26 cents per 100 pounds in advance for this grain to be hauled either to Vancouver or Fort William? This is the rate he has to pay, regardless of whether it is being moved by the C.N.R. or the C.P.R. Both railways go through the town

in which I live and the district I represent. That is the situation which exists there.

When it is suggested that the farmer in western Canada is being subsidized or wishes somebody else to pay the freight rates, I should like to ask what other industry in this country or in any country must pay the freight in order to have its products hauled away. I should like the minister to tell me what fairness he sees in this situation. When he speaks of other people paying the freight for the western farmer, he certainly is talking through his hat.

• (8:50 p.m.)

In my area trains consist of 100 to 135 loaded cars, and no one can tell me that the cost to the railway of hauling 100 loaded cars to Fort William or to Vancouver runs to more than 26 cents a hundred pounds. In my book 100 cars loaded with wheat and hauled to Vancouver or Fort William at 26 cents a hundred pounds brings in to the railway revenue in the vicinity of $35,000 to $40,000, and I am sure this service does not cost more than that to provide.

Anyone who tries to infer that the western farmer is being subsidized and that the railways are not making adequate revenues to pay for their services will certainly have to show me some evidence of this. The situation of the Canadian National Railways is exactly the same as the Canadian Pacific Railway, except that the C.N.R., being a child of the government, may not be run quite so efficiently as the C.P.R. and may be a little more expensive to operate.

Let us suppose, Mr. Chairman, that the government did have to subsidize that railway a little. We are familiar with subsidization by the various governments. I could cite the example of the subsidization of the Canadian Broadcasting Corporation to the extent of $105 million or more a year. And what do we get for this, Mr. Chairman? If the western farmers were given what they should be given, there would be no freight charges collected from them. The western farmers would not have to pay 26 cents a hundred pounds.

Let me tell you why. The price of wheat or grain is not as high as it was 25 years ago; that is a fact. Therefore anyone who talks of increasing the price of freight by having the rates investigated by a commission, and at the same time argues we should give the railways any money they feel they require from the public treasury, is not being realistic.

[Mr. Fane.]

As I have said, Mr. Chairman, where would industry be if it had to pay freight rates to transport its products? In that case industry would add the cost of the freight to the price the consumer or user of its goods would pay. This would not be just a charge on the producer any more than any other tax is a charge on the producer.

Therefore, Mr. Chairman, I suggest that the minister consider very strongly taking the proposed section 329(1) of clause 50 out of the bill. It should certainly not be in the bill and the people in western Canada will look at it from a very jaundiced point of view. I may have more to say about this a little later. I am happy that the minister decided to lock horns with the member who preceded me and give him a lecture; but I am sure it would have done me as much good as it did him, had the minister been telling me what he thinks are the facts of life. We will have to take the minister back to the west again and show him what these facts are. Then will be the proper time for him to bring this bill forward in the house and expect to have it passed. He will know more about what he is trying to do and will be better acquainted with the views held in the area of the country that is the granary of Canada.

Mr. Deachman: Would the hon. member permit a question? He quoted a rate from his area in Alberta to Vancouver of 26 cents a hundred. Is he not speaking only of the export rate, and is the domestic rate to Vancouver not 72 cents a hundred or thereabouts?

Mr. Fane: As far as I am concerned, Mr. Chairman, all of the grain I have shipped has been at 26 cents per hundredweight, whether shipped westward or eastward. I do not know this 72-cent rate at all. Anyway, if this 72-cent rate is for feed grain used in Canada, I am sure it should not be in existence.

Mr. Deachman: I appreciate that very much.

Mr. Herridge: Mr. Chairman, I have not participated in this debate before but I do want briefly to support the proposal made by the hon. member for Vancouver Quadra. He referred to paragraph (d) of the proposed section 329(2) which reads as follows:

> —on grain products other than flour moving for export from any point west of Fort William to Vancouver or Prince Rupert, over any line of railway of the company;

The hon. member proposed the deletion of the words "for export" in that paragraph, and

as a city member I want to compliment him on being so considerate of the urgent need of the farmers and those in the interior of British Columbia particularly.

Before proceeding further, Mr. Chairman, I must say that it did my heart good to listen to that beloved old Tory member for Vegreville using the socialist argument in support of the Crowsnest pass rates, and condemning the philosophy of the C.P.R. in refusing to recognize the great privileges they received from the Dominion of Canada with respect to abandonment of lines, reduction of passenger services, and so on. I am sure that this is the result of his close association over a number of months with the group to his left.

• (9:00 p.m.)

I am very interested in this matter from personal experience. Some years ago we were quite interested in the poultry business, which is dependent upon cheap grain. As a matter of fact, as far as I have been able to discover we were the only people who ever had a travelling rooster in Canada, and it was very successful; but I will not go into that story now.

On Monday, October 17 last, the delegates of the British Columbia Federation of Agriculture and the B.C. Feed Manufacturers Association made representations before the standing committee on transport and communications which would give effect to the very proposal made by the hon. member for Vancouver Quadra. They dealt at length with various sections of the orders under various dates of the Board of Transport Commissioners, and then went on to say, dealing with an order passed on August 25, 1927,

—which based on the "unjust discrimination" clauses in the Railway Act found that such unjust discrimination had been created against Pacific ports when compared with freight rates on all grain moving east by the Crowsnest agreement.

The presentation continued:

They then righted this in part, but only in so far as grain for export was concerned. General Order 448, section 2 read as follows:

"That the rates on grain and flour from prairie points to Vancouver and Prince Rupert for export shall be on the same basis as the rates to Fort William, but in computing such rates, the distance from Calgary to Vancouver via the Canadian Pacific Railway shall be assumed to be the same as from Edmonton to Vancouver via the Canadian National Railway, namely 766 miles."

They went on to urge the same rates for grain going from the prairies into British Columbia as those on grain that is exported. Mr. Currie on page 1849 of the Minutes of Proceedings and Evidence of the standing committee on transport and communications had this to say—and I am summarizing as much as possible so as not to take too long in presenting this argument:

The changes requested would remove from the government of Canada both the actual cost of the subsidy—

That is freight rate assistance.

—as well as the administrative expense caused by the application of a feed grain assistance policy to B.C. It would also eliminate the problem we have had in the past in operating under a system primarily geared to eastern Canada where alternative water and truck competition kept rate increases on a more realistic basis.

Two final points that must be emphasized are: First, that much of the grain that is fed in British Columbia is initially accepted by the railways at point of shipment as export grain at export rates. It is then drawn from Pacific coast terminal elevators to fill orders for domestic consumption—

That means for British Columbia consumption.

—and then an adjustment is made to the railways allowing them the increase between export and domestic rates.

The second point is that even the total of all domestic feed grain shipped into and within the province is such a minute percentage of the total grain shipped for export through B.C. that to follow our recommendation and now ship all grain at the export rate should have only a very minor effect on the revenue of the three railroads concerned.

In closing this presentation, we reiterate that section 50 of Bill C-231 should be amended so that the rates on the shipment of all grain, including millfeeds, going east to "Head of the Lakes" terminals shall be applied to all grains including millfeeds, moving west to Pacific terminals.

Later a letter written by Mr. Cunningham, secretary of the B.C. Feed Manufacturers Association, was read to the committee:

Mr. Creelman: I would like to read this letter from the B.C. Feed Manufacturers Association, which I am chairman of this year. The letter is from the secretary and it endorses the brief which we presented.

That is the brief of the British Columbia Federation of Agriculture. Mr. Creelman continued:

It reads:

"Dear Sir:

This association has directed me to advise you that we endorse the brief submitted by the British Columbia Federation of Agriculture. Our members supply almost all of the feed requirements of the livestock and poultry feeders of British Columbia. We are, therefore, responsible to the feeders in the province to exert all possible effort to equalize and stabilize the cost of grain and grain products in British Columbia. We therefore support this

brief of the British Columbia Federation of Agriculture and any other submission directed towards this end.

Sincerely yours,
B.C. Feed Manufacturers Association
K. H. Cunningham,
Secretary."

As far as the interior of British Columbia is concerned, and I am speaking particularly from my personal experience in farming of various types in the southern interior of British Columbia, particularly in the Kootenays, the success of our dairymen, beef feeders and poultrymen depends almost entirely on the price they have to pay for grain. I can speak on this subject from personal experience. We have excellent land and an excellent climate, but all these producers require large volumes of feed grain for their livestock. Ours is high cost land; it is not the type of land that in most cases can be used economically for the growing of large quantities of grain. Therefore in the southeastern portion of British Columbia we have to import the greater part of our grain from the prairie provinces.

For this reason, Mr. Chairman, I was very pleased to hear the approach of the hon. member for Vancouver Quadra, because sometimes members from the urban centres are inclined to forget us poor old peasant farmers in the country. In this case, however, I thought the hon. member did a good job. There is a great opportunity for the expansion of production in the dairy industry and beef feeding industry in our part of the country. There are increasing opportunities for cattle to be raised there and for an increase in the poultry industry. As a matter of fact, in the southeastern interior of British Columbia we produce at the present time only about 10 per cent of the agricultural products that we consume. We have thousands of acres of excellent land and an excellent climate. All that is required to bring success to the producers engaged in agriculture is satisfactory legislation. In this respect the most satisfactory legislation would be obtained by the deletion of the word "export" as was urged by the hon. member for Vancouver Quadra, the British Columbia Federation of Agriculture and supported by the B.C. Feed Manufacturers Association.

Mr. Churchill: Mr. Chairman, would the hon. member permit a question? In view of his support of the idea proposed by the hon. member for Vancouver Quadra, would the hon. member for Kootenay West urge the hon. member for Vancouver Quadra to move an amendment in those terms, as I suggested to him before the supper adjournment? Then we could have a vote on it, and instead of just speaking about the matter the hon. member for Kootenay West could express his opinion by vote.

Mr. Herridge: I would be quite willing to do that, Mr. Chairman. In fact I can see the hon. member for Vancouver Quadra is almost rising to do so. I would suggest that he, being the first hon. member to mention this matter, and I give him full credit for it, should accept the honour of moving an amendment to that end.

Mr. Deachman: Mr. Chairman, I have already urged upon the government that they do this. If the government would merely eliminate the words "for export" we would have in British Columbia a rate for domestic grain that is the same as that which exists for eastern Canada. That is all the people of British Columbia ask for, namely equality with the people of eastern Canada. We, like the province of Quebec, beg you here in Ottawa to give us equality.

• (9:10 p.m.)

Mr. Nasserden: Mr. Chairman, I had not expected to intervene in the debate again, but tonight in debate on this bill we had a lecture from the Minister of Transport on transportation matters, and on how the members from western Canada should conduct themselves in the House of Commons. As I listened to that lecture I could not help but become convinced more than ever that the minister has forgotten a great deal of the history of this country much of which depicts the development of western Canada, which became the grain bin of the empire and gave this nation favourable trade levels. I say to the minister that he has disregarded the history of railroad building in this country and the effect that it has had on the different parts of this nation. When I say this I am thinking of the maritimes and of nothern Canada as well.

The minister has forgotten also that the railways of this country have practically monopolized rail transportation in so far as bulk shipments are concerned. Under this clause there is a requirement that figures be given with regard to the handling of a certain segment of the operations of the railways. If that is so, then I ask the minister, the government opposite and the country why the C.P.R. and the C.N.R. should not be required to publish figures, not only with regard to the Crowsnest pass rates but also with regard to agreed charges which have been put into effect? Why should we not ask the C.P.R.

what their charges are on commodities from Consolidated Mining and from other industries?

If such information were made available to us we in the opposition would then be satisfied that the information that will be placed before the commission will have some regard for the equity which should prevail in the setting of freight rates and the granting of subsidies required for maintenance of transportation in this country. Why should a concern which is a virtual monopoly always hide behind the veil of secrecy, and then come hat in hand to the government of Canada and to the people of this country asking for another subsidy, pleading that it does not have sufficient revenues to meet its expenses? And yet in the brochures that the railway company sends to its shareholders it paints a far different picture with regard to the progress that is being made by its organization.

I say to the minister that the public in this country do not know whether or not agreed charges are fair. In speaking about the Crowsnest pass rates the minister said that they are almost embedded in perpetuity in the constitution of this country. We in western Canada will never accept the word "almost". We believe that they form and integral part of our constitution. We must not forget the price that was paid by Canada to enable the C.P.R. to string a railway across western Canada. At that time there were members in the party opposite, which was then in the opposition in the parliament of this nation, who said that the price paid to link the west and east of Canada was far too great. Now the minister who represents the government once again takes up the cry of the railways who wish to hide behind the veil of secrecy. It is the government of Canada which created the railways which now seek assistance from the government. Why should not the affairs of the railways be made public? There can only be one interpretation of this clause, namely that the minister, regardless of what he said in this debate, has made a commitment to the railways that in three years' time there will be a reappraisal of the whole situation before the benefits accruing from the other sections of this act will be put into effect. Another straitjacket will be put on the people of this nation with regard to this public utility.

Although tonight I have not been able to search out the facts and figures with regard to the railways, I would suggest to the minister that within the period of next week I could trace the picture very easily and show that there is more to be taken under consideration than the cost and revenues of the railways in handling grain under the Crowsnest pass rates. We have to consider also what went into the forging of this nation when the railway was given its original charter, and what was given to it by the parliament of Canada as an incentive to link the various parts of this nation.

Last night I sketched the picture of the development which has taken place, the increase in the handling of grain in this country since the days when the Crowsnest pass rates first became effective. I mentioned, as did many other members of this house, some of the effects of automation and the improvements which have taken place in the handling of grain. Anyone in western Canada or in any other part of Canada looking at a box car today would realize that there has been no improvement of these facilities made by the railways over a long period of years.

I do not wish to delay the committee but I wish to refer to what has been said by the hon. member for Vegreville, namely that payments on grain are made in advance. There are few commodities in this country of which that can be said. I wish also to refer to something that was said by the hon. member for Vancouver Quadra concerning the rates on grain used for domestic consumption. A year ago I purchased 800 pounds of seed grain from Lethbridge, Alberta at a cost of about $30 and shipped it to a place just north of Saskatoon at a cost of $39. I do not need to tell the minister that I could have got into my little truck, driven to Lethbridge, stayed over night in a hotel, had a steak dinner and driven back the next day to Saskatoon, all of it for less than $39.

The minister is trying to tell us that the railways are not making money on the rates they are charging on grain moved in western Canada. This is very difficult to understand for people who have had my experience. I can tell the minister that I was very reluctant to pay the $39, and if it were not for the fact that I was a member of parliament and that I bought the grain from another member of parliament I would not have paid the $39, but would rather have lost the $30 before paying $39 for a $30 shipment.

• (9:20 p.m.)

I hope the minister will take another look at this clause. If the minister cannot delete it entirely, surely he can extend the three-year period to something like 10 or 15 years. This would give the railways a chance to put into

effect the economies they say they want to put into effect. The railways would have a chance to come to parliament, if they so desired, and prove their point. Do not let them try to put us in the same strait-jacket in which they have tried to keep us over a long period of years. They have come back to us time after time and asked for a subsidy, and pleading for a veil of secrecy over their operations when as everyone knows they enjoy a monopoly in this country.

Mr. Churchill: I am encouraged, Mr. Chairman, to say a few more words on this subject, and for two reasons. First, the minister said yesterday he did not believe I was speaking from conviction when I expressed certain ideas on the Crowsnest pass rates. I want to assure him tonight that I was then, and I intend to speak with conviction now. Second, I am encouraged to speak because earlier this evening the minister launched into an attack on members of the opposition, and rather inspired us to take an even keener interest in the subject matter that is under discussion. If the minister is going to contribute every hour on the hour to the debate, naturally we want to play our part, too. We would like to make our contribution to see if we can match in quantity—we exceed in quality—the amount the minister is placing on *Hansard* with regard to his bill.

I want to draw certain things to the attention of the minister tonight to indicate to him that we are not discussing the Crowsnest pass rates because we do not realize he has given assurance they will not be tampered with. He does not have to rise now and say that I am misconstruing his remarks, or putting a wrong interpretation on this proposed section. I know quite well what it means, and I know quite well that the minister has repeated over and over again that the Crowsnest pass rates are not to be altered.

Unfortunately, he has qualified his statements, and those qualifications are not going to do him any good. They are a clear indication of the lack of real representation in the Liberal party. It is not a national party at the present time. It happens to form the government, but it is not a national party. If it were a national party with representation from all areas of this country, the minister would not have introduced into his bill this reference to the Crowsnest rates. Our party is a national party. We have representation from all across this country. We appreciate and have sympathy for the various sectional problems that arise in Canada. We are within our rights in discussing this particular subject because the minister introduced it into the bill.

The minister had three choices before him. He indicated this in the course of his remarks during the last two days. He had the MacPherson report in front of him, to which he has referred. He had the option of adopting the subsidy proposals in the MacPherson report. He has told us he rejected that. He had the option of omitting from the bill any reference whatever to the Crowsnest rates. His third option was to introduce a provision such as the one in the bill, suggesting that these rates may be reviewed during the course of the next three years.

Obviously, this was a weak decision. The strongest decision of all would have been to omit this provision from the bill. The second one would have been to accept the MacPherson report and provide a subsidy. He chose the weak option; he made a weak decision. He is uncertain and he wobbles. He said: We will put something in the bill to give the railways an opportunity to state their case again, and we will have another discussion on the Crowsnest rates not later than three years after the proclamation of this bill. The minister opens the door to a review. He glosses this over by saying that if the rates are satisfactory, if we have faith in these rates, then we should not be alarmed if they are reviewed. The minister indicates we are showing our insecurity by saying we do not want them reviewed. This is the way he puts a gloss on it.

I would say this to him, that he has made a mistake in introducing this provision into the bill. He told us tonight, and this was a new argument he used, that far from changing the Crownsnest Pass rates he was putting in an additional safeguard. We have his assurance that the rates will not be touched, and his safeguard is to review them not later than three years after the passage of this bill to see whether or not they are all right or whether or not the railways require compensation. The best safeguard for the Crowsnest pass rates would have been to omit any reference to them from this bill. What the minister has done has been to draw attention to the Crowsnest pass rates.

I was going to quote the minister's words that the hon. member for Vegreville quoted, and I may as well put them on the record again. These words are found at page 11868 of *Hansard*:

> The plain fact is that I do not think any member of the house, if he were to stop to reflect, would be doing the cause of the western farmer any good

by suggesting that other freight shippers should have to pay higher freights in order to lower the rates on wheat.

The minister goes on then to explain this away, but he has made that statement. There is a doubt in the minister's mind with regard to these rates, and whether or not the railways are breaking even or whether they are making money on them. He has raised a doubt. The minister has therefore introduced into Canada a doubt. He is asking for parliamentary approval of a doubt. If this bill passes in its present form, parliament will have expressed itself as entertaining a doubt about whether or not the Crowsnest pass rates are satisfactory. Parliament will have expressed itself in favour of having a review not later than three years after the passage of this bill. Parliament will be suggesting to the railways that they should raise this issue again.

I feel that this is a weakness in the bill. If there is in the minds of the railways some problem with regard to these rates, it should be left to them to present their case some time in the future. We should not open the door for them, and in fact rather encourage them.

This provision goes further than that; it is almost mandatory. The bill refers to the fact that not later than three years after the coming into force of this section the commission shall inquire into the revenues and costs of the railway companies with regard to the carriage of grain and grain products. This provision means that the commission will request the railways to make their case, so we will go through the circuit again. Public attention will be focused on these rates. People will make statements like the minister's statement, implying that other people are paying higher rates, that the public is being gouged, in order to make it cheaper for the farmer to ship his grain for export.

• (9:30 p.m.)

These are the suggestions and insinuations that will be made. That is why I think it is unsound to have this section in the bill, and that is why we are discussing it—not because we think at this moment that the Crowsnest pass rates are under attack and will be altered. We are looking ahead; we are taking a long view, and we say to the minister that introducing this into a statute means that these Crowsnest rates will be under observation and may be under attack. Plenty of people in the country throughout the years have attacked these rates, and here the government is inviting a constant observation and criticism of them. We think that is wrong.

Those of us coming from the prairies in the debate yesterday and today expressed the basic feelings of people living in that part of Canada. Merely by accident I ran across a statement made in 1925 here, in the House of Commons, as reported at page 1895 of *Hansard* for April 6 of that year. These were the observations of the then hon. member for Souris, Mr. James Steedsman, who was elected to this house in 1921 as a Progressive. This in part is what he said when freight rates were under discussion, and when the Crowsnest pass rates were being mentioned:

> All the people of western Canada stand solidly behind the Crowsnest pass agreement rates, and any attempt to interfere with those established rates on grain and grain products will be most strenuously opposed I think by all the people of the prairies.

That was the attitude of a pioneer farmer living in the town of Deloraine, Manitoba, as he expressed it in 1925 in the House of Commons when the subject of freight rates came before the house. The people of the prairies have not altered their convictions from that day to this, and that is why we rise to speak on this problem.

We know that the development of western Canada, and particularly the prairies, has been due to the building of the railways, the opening up of that agricultural land and the development of wheat for export. This has been the lifeblood of western Canada and of central Canada too, because all parts of Canada have benefited from that great development.

The Crowsnest rates which where important to make our grain competitive overseas must, we say, be maintained. They should not be tampered with and should not be under constant review, because if they are kept under constant review trouble might occur. After all, the minister said that in 1919 a change was made. I have not had a chance to look at the record clearly, but I think on that occasion the Senate saved the situation for Canada—certainly it did for western Canada. I have on one or two occasions in the past said that that action alone by the other house sufficiently proved the value of a second chamber.

You see, Mr. Chairman, in 1919 the rates were tampered with. It could happen again. Supposing a different government were in power; it might be a party that is neither Liberal nor Conservative. The rates might be tampered with, particularly when you incorporate in a statute of the land an invitation to

review these rates because parliament doubts whether they are satisfactory. For these reasons this section should be eliminated completely. No harm will be done if it is eliminated.

The hon. member for Jasper-Edson earlier today said that clause 15 of the bill gives power to the commission to investigate any matter pertaining to transportation. But, to draw specific attention to one particular item I think is quite wrong. I wonder why the minister has included in here the words "not later than three years". What was the process of thought that encouraged him to put in—and I asked this question yesterday—the words "three years"? What process of thought encouraged him to say, "not later than three years"?

What is the urgency? When you are dealing with a subject of this magnitude, three years brings it forward rapidly. Would it not have been wiser to have waited until the other arrangements had been made with regard to transportation? It would have been wisest to leave the section out altogether. Here we are entering a new era, we hope, with regard to our transportation facilities in Canada. The railways are encouraged to modernize their lines and to become more efficient. Part of the encouragement is to permit them to reduce some of their trackage. Let us accomplish this rationalization process first, and then let us have a look at railway earnings and railway management across this country. Only after that has been done need we look into these other fields which have been contemplated.

I am surprised that instead of waiting for these changes to take place, changes which will take more than three years, the minister encourages the commission to undertake a review of the Crowsnest rates in relation to railway earnings and costs. I do not know how many years it will take before this commission is fully operative and how many years it will be before all problems are settled with regard to abandonment of railway lines and increased efficiency. I feel positive this will take three years, or longer. After the commission is fully operative there will be time enough to look at other aspects of this particular problem, the problem of transportation.

Yesterday and again today the minister referred to the MacPherson report. Our government, the Conservative government, appointed that commission to investigate a problem—a major problem at that time—in 1958 and 1959. Attempting to gain political advantage he mentioned the MacPherson report and said that our government was prepared to accept the findings of that report. That is not necessarily so. Our thinking on the subject had not been brought to completion. The minister seems to think that, the commission having been appointed, we are now committed in some way or other to the propositions set out in its report. But the MacPherson report is now out of date. Such tremendous changes in technology, transportation, payment for wheat, size of our crops and exports have taken place that the MacPherson report on the subject of grain is out of date.

[Mr. Churchill.]

• (9:40 p.m.)

Attention has been drawn to the fact that in this report there was a minority statement by Mr. Gobeil. This minority statement, Reservations on Grain, as he called it, expresses the opinion of a great many people. I would like to read his three points into the record because I think this is important; we may not be discussing freight rates or Crowsnest pass rates for several years. I think it is important that we should record some of these facts, particularly as the minister has drawn our attention to the MacPherson report. On page 77 of volume 1, the committee will find these reservations by Mr. Gobeil:

> First, I believe that the Canadian Pacific Railway, having obtained certain very real advantages when it undertook—in perpetuity—to accept a ceiling on these grain rates, became party to a contract which is still in effect and which must be abided by.
>
> Second, I do not believe that the grain cost studies which have been brought before this commission have succeeded in their attempts to measure the extent of the loss which, it is alleged, the railways incur in the movement of grain under statutory rates. I am not convinced, furthermore, that the studies in question have been able to establish that there is any loss whatsoever.
>
> Third, I believe that, if there is a loss associated with the carriage of grain it is due to the cost of maintaining light density lines rather than the cost of carrying grain.

In effect, he is saying: let us centre our attention on the railways, their trackage, the placements of their lines, their methods of carrying grain, to see whether or not there might be some improvement made, rather than direct our attention to the rates themselves. He concludes on page 90 with this warning:

> I oppose the conclusion and recommendation that a portion of the proposed subsidy should be attached to grain on the grounds that:
>
> (a) The railways have not established that grain is deficit traffic.
>
> (b) If a deficit does exist it is attributable to low density lines rather than to grain.
>
> (c) The contract of 1897 is still binding on both parties although in a varied form.

(d) Certain benefits from this agreement have accrued to the C.P.R. which must be balanced against the obligations.

(e) The western provinces were required to make certain concessions for which they are entitled to the benefits of the agreement as part of their historical and provincial rights.

I think this minority report requires most serious consideration. From what we have heard today from members who have been sitting on the special committee on transportation, it seems there is still dissatisfaction with regard to methods of reporting costs. Similar dissatisfaction was noted at the time the MacPherson commission was sitting. I could read from the report to show that the cost figures submitted were altered, I think on three different occasions by one of the railway companies, and there was uncertainty in the minds of the commission as to whether from the railway presentation it had really got to the root of the matter. The commission's own investigation, and provincial investigations, disclosed different figures. It was all very confused. The MacPherson commission was therefore not able to make a unanimous report and this is the situation in which we find ourselves at the present time.

These are some of the reasons which may be advanced to encourage the minister to take the proper action with regard to this clause. The proper action I suggest—and this would terminate the debate immediately—would be for him to strike out the clause and leave out the provision for a review of the Crowsnest pass rates. Let us get settled down and reorganize national transportation policy before we attempt in any way to create public opinion which would tend to upset rates which have been found to be effective over the years. I could give an instance where the Crowsnest rates were lowered by the C.P.R. during a period when they must have been making sufficient revenue not to worry about those rates. They took unilateral action and lowered them. It is only in recent years that we have found people getting troubled by those rates, and drawing attention to them, but failing in my opinion to prove their case.

I regret that the minister is perpetuating in a statute of Canada an investigation of rates which should be left undisturbed. From 1897 to the present time these rates have been in effect, except for one period in 1919 when they were saved by the Senate of this country.

Here we are in the centennial year suggesting to those people in this country who have some axe to grind in regard to these rates that they should raise this issue, that they will have full authority to do so, that parliament gives its approval to this being done. Then there will arise, again, the sectional differences in this country which constitute part of our trouble. The tampering with the Crowsnest pass rates in 1919, in addition to the rising cost of living and the problems brought about by the war, resulted in a movement which was most disturbing for a period of several years here in the House of Commons.

There are political repercussions which result from dealing with matters that should be left alone, and I am surprised at the failure of the minister, who used to be given credit for considerable political perspicacity, to see that by having this section in the act his party will not gain anything at all out in prairie country. I am surprised that this minister, of all ministers, should be so politically inept. That is not the reputation he enjoyed in days gone by.

The hon. gentleman has not interrupted me, so I intend to interrupt myself, and stop. I had hoped he would rise and say he proposed to take the section out, but he has not done so, and I heretofore move, seconded by my hon. friend from Acadia:

That clause 50 be amended by striking out section 329 on pages 41 and 42.

• (9:50 p.m.)

Mr. Pickersgill: It is with the greatest reluctance I rise, and disregard the excellent advice given me yesterday by the hon. member for Winnipeg South Centre in which he said my failure to follow in the debate brought upon us the flood of eloquence to which we have just listened. I am quite prepared to have a vote immediately after I speak on this amendment, but I ought to point out that the effect of striking the whole of section 329 would be to destroy a part of the legal foundation of the Crowsnest pass rates, because it is in this section that there is a definition of grain, and without that definition the safeguard for those rates would disappear.

However, I do not think there is anything more I can possibly say about the matter in addition to what I said earlier this evening. So far as I am concerned I am quite prepared to have the question put at once.

The Deputy Chairman: Is the committee ready for the question?

Mr. Horner (Acadia): Before the question is put I wish to say a word about the amendment and about the Crowsnest pass rates. The hon. member for Winnipeg South Centre really touched the crux of the problem. We find

ourselves in centennial year debating the very issue that brought Canada together, that brought the west into confederation, that brought in the province of British Columbia, that established the prairie provinces, namely the Crowsnest pass rates. Now the minister proudly stands up and asks for a speedy vote on this amendment. In effect he says: Let us get the Crowsnest pass rates out of the road, let us erase them. He is not sure that they may have been a mistake a hundred years ago, but he knows they are a mistake now. According to the minister, while they may have brought Canada together a hundred years ago, they are not fulfilling that purpose now, and so we can do away with them.

The Crowsnest pass rates were instituted to attract people to settle the west and guarantee them that their products would move to market over our transportation system at fair and equitable rates. They gave equal opportunity to all farmers to deliver their goods. Many experts have told me that these rates would make money for the railroads if the quota system were abolished if they could move all the grain out of one area in two or three loads. I am not arguing against the quota system. It is part and parcel of the Crowsnest pass rates and gives all farmers equal opportunity to deliver their goods to market.

These rates contributed to the establishment and development of agriculture in the prairie provinces. But now this section in effect is trying to develop public opinion against the Crowsnest pass rates. The section is not necessary. The railroads are now moving twice as much grain as they did ten years ago and are making far more money than they did ten years ago. There is conclusive proof that these rates have not been the cause of loss to the railroads.

In the years 1957 and 1958 operating expenses of the C.N.R. were between $765 million and $800 million. These figures were presented to the MacPherson royal commission. The figures were changed three or four times by the railroad itself, and finally it came to the astounding conclusion that the C.N.R. may have lost $4 million. That figure is astounding when compared to expenditures of between $765 million and $800 million.

At page 82 of volume 1 of the MacPherson commission report Mr. A. R. Gobeil had this to say:

> The commission received a number of studies which attempted to prove what the cost of moving grain was. Each time one of those cost studies was discussed before the commission, the parties admitted errors in their previous study and asked the commission to accept the new cost figures.

It has been said that the movement of grain accounts for 13.2 per cent of the total revenues derived by the C.N.R., but Mr. Donald Gordon told our standing committee that one cannot measure this by total revenue, and that it amounts to 38 per cent or 39 per cent of the ton-miles hauled. I repeat that on this percentage of ton-miles hauled, with total expenses between $765 million and $800 million for the years 1957 and 1958, and after the figures had been revised three times, the best the experts could say was that the C.N.R. may have lost $4 million. The only conclusion I can come to is that a further study within three years is not necessary.

I believe the reason for this new section is that an agreement has been drawn up by the Minister of Transport with the railroads, an agreement stating, in effect: We will give you this if you give us that. Someone suggests that it is a saw-off, but we in the west never like saw-offs unless we know what exchange it involves. What is the exchange in this regard? I suggest the exchange in question is the suggested review, and this review is going to build up public opinion against the Crowsnest pass rates.

The minister sits there and shakes his head. It is all very well for him to do that, but who is going to defend the west?

An hon. Member: You.

• (10:00 p.m.)

Mr. Horner (Acadia): Some hon. member thinks I will. I would love to, but I cannot afford the $1½ million expenditure which the governments of Saskatchewan, Alberta and Manitoba had to make in order to present a brief to the MacPherson commission. Will we have to spend this amount three times as is suggested in volume I of the MacPherson report? Who is going to suggest that anyone will spend this amount three times? The railways will, because they have dollars and cents at stake. They have a combined effort to present figures to prove beyond a shadow of a doubt that they are losing money and therefore should be subsidized. They will build up public opinion in this three years so that they can cut down the prairie farmers again and again, these people who have proven that today they are the greatest and most efficient producers in the world of food products.

The Deputy Chairman: Order.

Mr. Horner (Acadia): May I call it ten o'clock?

Mr. Pickersgill: Mr. Chairman, perhaps the committee might agree to avoid looking at the clock for a while, at least until the hon. gentleman has finished. He is making a very good speech and he should not be interrupted.

The Deputy Chairman: Order. Is there unanimous agreement that the hon. member be permitted to continue his speech?

Mr. Horner (Acadia): Mr. Chairman, although my mind is clear on this subject and I should like to continue, I would point out that I urged the minister earlier today to hold up a decision in respect of an earlier clause so that we might proceed with the bill. We spent something like one or two hours studying this clause and accomplished very little because the minister failed to take into consideration all the details with regard to that particular clause. Therefore, because I do not think anything can be gained by continuing now I will call it ten o'clock and continue my remarks tomorrow.

Progress reported.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, tomorrow we will continue with the consideration of the bill which is now before the committee. At the conclusion of that business we will take the two motions to refer matters to the committee on privileges and elections, then the bill to amend the Judges Act, and then the C.N.R. financing bill.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

SHIPPING—WINTER NAVIGATION ON ST. LAWRENCE

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, tonight I would like to deal with a question I had put to the Minister of Transport (Mr. Pickersgill) on December 20 last; I indicated my desire to have it discussed at ten o'clock some evening, and I have the opportunity to do so tonight.

At that time, I had asked the Minister of Transport if his department had investigated—and the question appears on page 11364 of *Hansard*—the cost of facilitating winter navigation on the St. Lawrence.

The previous evening, in answer to one of my questions the minister had said—and I quote from page 11352 of *Hansard*:

> It would cost many, many millions of dollars which would have to be collected from Canadians in every part of Canada to ensure regular and reliable navigation each winter in the port of Montreal.

The minister said that it would cost many millions of dollars. That is why the next day, December 20, I asked him if his department had investigated the matter in order to find out just how many millions would have to be spent, and I also asked the minister if he was ready to table the results of the inquiry. The minister simply answered: "The matter is under study continuously but I have no special report to make at this moment."

In view of the facts, Mr. Speaker, I must ask the minister if the matter is being considered. If he has no special report to make at this moment, why then does he mislead public opinion, stating that it would cost many millions of dollars? Does this statement to the effect that it would cost millions spring from his own imagination? Is this merely a figure he made up, or does he really have true and actual figures?

If he has, then let them be made known to us: let him not mislead us any longer, stating that it would cost many millions of dollars. What does that mean? And if he quotes millions, we want to know where he got those figures and what type of investigation was made. The next day, however, when he had his back to the wall, when he had to give an answer, he said:

> The matter is under study continuously but I have no special report to make at this moment.

So, if the minister has nothing special to announce, why does he tell us that it would cost several millions? That is something special in itself.

Mr. Speaker, I say to the minister that it would not cost even one million dollars more a year to keep a channel open the year-round for winter navigation on the river St. Lawrence—because there are icebreakers in sufficient numbers on the St. Lawrence to keep the channel open.

Harbours would not be involved, since the minister himself stated that last year, Montreal harbour was closed one day only. This year, I think it has not closed at all yet. The channel must be kept open and the icebreakers are available. The crews on these vessels

are paid for the winter season; various supplies, the oil and fuel to operate these boats the mechanics in charge of maintenance have also been paid. The only thing required now is to order the icebreakers to do their job, instead of impeding them as is currently the case.

I say to the minister that if he is unable to give us exact figures, let him refrain from misleading public opinion by quoting figures at random. On the other hand, if he has exact figures, he should not keep on repeating that it would cost millions. Let him tell us exactly how much it would cost, and where his figures come from; whether a study has been made; whether engineers and competent investigators have inquired about the extra cost.

The minister might, at the same time, tell us how the additional cost is arrived at, since our icebreakers are already available in sufficient numbers, since the Russians are sending their own icebreakers to help us out; their icebreaking ships are being sent to do the work of the Department of Transport. The hon. Minister of Transport is perfectly aware that foreign ships are doing the work of his department on the St. Lawrence and on the seaway during the winter.

On December 19, 1966, as reported on page 11352 of *Hansard,* the minister said:

> —I believe the government is pursuing the right course in doing nothing at the present time to accelerate icebreaking activities, and in doing nothing to impede navigation. Those owners of ships who want to take the risks of plying these waters in winter are not impeded in any way.

Then they are the ones who do the work. Russian icebreakers, especially Russian freighters, are all equipped for such conditions. Therefore, let the minister tell us exactly how many millions it would cost. Not in millions of dollars, but the exact amount of additional costs. Where did the minister take those figures? Could he table in the house the report of the investigation he ordered, to state it would cost millions more? We want to know the facts, to obtain reports. We are no longer satisfied with the mere statement of the minister, because it is too vague. Millions of dollars, what does that mean? Nobody knows. Let him tell us exactly what is the situation and stop making vague statements. We shall then be satisfied with his answer.

• (10:10 p.m.)

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I do not think the hon. member could have chosen a happier day to raise this question, because my hon. friend the Minister without Portfolio (Mr. Turner) is making a speech on this subject this evening in Montreal and is announcing that a further stage in the study of the very difficult problems connected with the ship channel in the St. Lawrence is, as I said the other day, under way. While that study is progressing, most of us realize that he who gives an exact figure is a very courageous man. When you hire some experts to tell you how much money a project is going to cost, you are rather silly to try to give an exact figure before you receive the advice of the experts.

I can tell the hon. gentleman that 100 million will not be enough to assure an adequate channel for winter navigation. As the hon. member for Trois-Rivières (Mr. Mongrain) pointed out earlier this session, there is no problem about the channel of the river as far as Trois-Rivières. But it would be absolutely impossible, with the channel through Lac St. Pierre in the state it now is, to have winter navigation on the scale that exists in the summertime. Indeed the channel is no longer really adequate for the summer traffic, much less the winter traffic. That is why these studies are being carried on on the most urgent basis.

In my view the whole system of the St. Lawrence River and the lakes is the most precious natural asset we Canadians have, and we do not want to make a mess of that asset. It is very important that when we improve the channel between Montreal and Trois-Rivières we do it properly and do not put in works that will make the situation worse rather than better.

This is why we will have a full-scale model of the whole river from Montreal to the gulf, on which all kinds of tests with models of improvements can be carried out, so that when we do start spending at least 100 million, and probably a good deal more, we will have a result which will be satisfactory. I said the other day, and I repeat, that in respect of those vessels which want to take advantage of the icebreaking that has to be done in order to prevent flooding no one is putting any obstacle in their way. But if there was any attempt—

[*Translation*]

Mr. Speaker: Order. The time allotted to the minister has now expired.

ADMINISTRATION OF JUSTICE—LOUIS SICOTTE —REQUEST FOR REVIEW OF TRIALS

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, last Thursday, I directed the following question to the right hon. Prime Minister (Mr. Pearson):

Mr. Speaker, in the absence of the Minister of Justice and Attorney General, and since his parliamentary assistant does not yet seem to have been appointed, I shall direct my question to the right hon. Prime Minister, to whom I gave notice of my question yesterday.

Are the justice department and the government in receipt of a petition signed by a certain Louis Sicotte who is seeking a review of his two trials for allegedly having been forced under duress to plead guilty and to sign a false affidavit.

Mr. Speaker, I do not know if it will be possible to give a definite answer to the house tonight and if the R.C.M.P. will be instructed to investigate the matter. But, whatever the purport of the statement, I wish to appeal to the Canadian government and particularly to its legislators to pass efficient legislation protecting human dignity and the respect of the individual.

I do not know personally whether a certain Louis Sicotte is guilty or not, whether he speaks the truth or not. I am not concerned with this point. But if it were true that Canadian policemen brutalize prisoners in order to extort a confession from them, the laws of a civilized country would necessarily have to denounce such methods and the authors of such atrocities. Justice cannot be done where individuals are persecuted and their rights flouted.

The federal bill of rights lays down very worthy principles but, because of the complexity of our political system, the protection and exercise of civil rights and freedoms should more properly come under provincial authority.

It would therefore be urgent that provincial governments should legislate as soon as possible and ratify a provincial act on human rights, so that our citizens can enjoy a more obvious and efficient protection. The federal bill of rights has remained symbolic until now. It expresses the wish that the basic rights of the individuals shall be respected. I quote a part of section 2, chapter 44, assented to 10th August 1960, of the Revised Statutes of Canada:

Every law of Canada shall, unless it is expressly declared by an act of the parliament of Canada that it shall operate notwithstanding the Canadian Bill of Rights, be so construed and applied as not to abrogate, abridge or infringe or to authorize the abrogation, abridgment or infringement of any of the rights or freedoms herein recognized and declared, and in particular, no law of Canada shall be construed or applied so as to

(a) authorize or effect the arbitrary detention, imprisonment or exile of any person;

(b) impose or authorize the imposition of cruel and unusual treatment or punishment;

(c) deprive a person who has been arrested or detained

(i) of the right to be informed promptly of the reason for his arrest or detention,

(ii) of the right to retain and instruct counsel without delay, or

(iii) of the remedy by way of *habeas corpus* for the determination of the validity of his detention and for his release if the detention is not lawful;

(d) authorize a court, tribunal, commission, board or other authority to compel a person to give evidence if he is denied counsel, protection against self crimination or other constitutional safeguards;

(e) deprive a person of the right to a fair hearing in accordance with the principles of fundamental justice for the determination of his rights and obligations;

It behoves more particularly to the provinces to establish standards for the protection of civil freedoms and rights.

It would therefore be important that the government should inquire into the facts and recommend to whom it may concern to act rapidly, because the whole field of individual liberties, democracy and justice is at stake.

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, it would be very difficult for anyone in this house to disagree with the very broad principles outlined by the hon. member for Sherbrooke (Mr. Allard). In fact, he simply reiterated the responsibility we have here in Ottawa to protect and respect the rights of the individual and human dignity.

I do not agree with him when he says that human rights and our whole judicial system are purely symbolic. Over the years we have had the bill of rights and I think that we must be proud of our judicial system. That does not mean of course that isolated incidents cannot happen, that infractions cannot occur in public bodies, federal as well as provincial, but in general I feel that it is doing the people a disservice to imply that we only pay lip service to the protection of the rights of individuals.

As far as the Sicotte case is concerned, what needs to be established is the role of the federal government in that regard. In fact, an application for a new trial under section 596 of the criminal code has been received from Louis Sicotte's lawyers. It deals with

two charges: setting a fire and conspiring to do so. Mr. Sicotte pleaded guilty to both charges on December 6, 1966, in Montreal and he was given a suspended sentence.

The reasons given to justify the application, particularly those of threats and brutal treatment toward Mr. Sicotte, seem to deal with criminal proceedings still pending against 15 people including 12 police officers. In my opinion, it would not be appropriate in the circumstances to grant that request for a new trial as long as those criminal proceedings are not over.

In any event, it is customary for ministers of justice not to use the extraordinary procedures of section 596 of the Criminal Code as long as the claimants have not exhausted the ordinary legal means at their disposal.

I have been informed that to date Mr. Sicotte has made no representations to have this matter reviewed by the Quebec court of appeal which, under its rules for criminal appeals, could grant him a further extension of the time limit for filing an appeal.

And, Mr. Speaker, I have advised Mr. Sicotte's counsel accordingly by a letter under today's date.

• (10:20 p.m.)

[*English*]

CANADIAN CENTENNIAL—TRAIL, B.C.—REQUEST FOR STOP BY CENTENNIAL TRAIN

Mr. H. W. Herridge (Kootenay West): On January 13, Mr. Speaker, I addressed the following question to the Secretary of State, which was based on a letter I received from a prominent Liberal in my constituency, a most progressively minded person:

> He and many others in my riding—let me say my approach to this question is completely non-partisan—are very concerned about the fact that the centennial train will stop at Castlegar but not go to Trail, though there is a railroad for 20 miles connecting with Castlegar. This means that 8,000 school children alone will have to be provided with transportation to visit this train. Can the minister do something about this?

At that point, Mr. Speaker, you exercised the authority of your office to nip my curiosity in the bud. As I said, this question was based on this letter, as well as other complaints I have received from my constituency. This well known Liberal has written to the Prime Minister about the situation because he is concerned and interested.

According to the program of the train in British Columbia, Mr. Speaker, I note that it will be in Victoria January 9 to 16; Nanaimo, January 17 to 19; Vancouver, at the C.P.R. station, January 21 to 26; Vancouver, Canadian National station, January 27 to February 1; Chilliwack, February 2 to 3; Kamloops, February 4 to 6; Kelowna, February 7 to 8; Castlegar, February 10 to 11; Cranbrook, February 12 to 13; Prince Rupert, February 16 to 17; Prince George, February 18 to 21. Including the two stops in Vancouver, there are some ten stops in the province of British Columbia.

In this connection, Mr. Speaker, I want to say that I know I have the full support of the hon. member for Okanagan-Revelstoke. There is no stop at Revelstoke, although the last spike in the construction of the Canadian Pacific Railway was driven at Craigellachie a few miles west of Revelstoke. We both regret that this historic incident was overlooked and the train will not stop at Revelstoke. There is no stop at Nelson, the commercial metropolis of Kootenay West, and there is no stop at Trail. However the train is to stop at Castlegar, some 20 miles from Trail and there is a railway line connecting both points.

There is great interest in this train, particularly amongst the younger people of my constituency. I am very pleased to see that. This arrangement means that there will be quite a number of people in Kootenay West who will have to travel 150 miles to visit this train, in some cases over quite narrow and mountainous roads. The great majority of people in my constituency will have to travel anywhere from 25 to 30 miles. This is a great inconvenience to them. As I have said before, people have expressed their concern and have asked me to raise the question in the house to seek an explanation. I shall look forward to a reply from the parliamentary secretary concerning the circumstances surrounding this itinerary, so that I can forward it to my very interested constituents.

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Let me begin by giving the hon. member something of an explanation, Mr. Speaker. I am told that in November, 1964, a representative of the commission endeavoured to locate a suitable site at Trail for a visit by the confederation train, but that no site was found in Trail which met all the requirements established by the commission, by the provincial government, and by the two railway companies. Consequently an alternative site at Castlegar was selected. I must tell the hon. member that I have not had a chance to ask what the various criteria were

as laid down by the commission, the provincial government, and the two railway companies.

I do not want to desist, Mr. Speaker, without trying to give the hon. member some consolation.

Those of us who come from eastern Nova Scotia, from Antigonish, Guysborough, Pictou, Inverness, and Richmond counties, hoped fondly that the confederation train would pay us a visit. We hoped that the train would stop at centres such as New Glasgow, or Antigonish, or in the Strait of Canso area. I am not making a maiden speech, so I cannot regale the house with the historic qualifications of these places for such a visit. But when the train itinerary came out we learned that it would visit Truro, Sydney, Halifax, Yarmouth, Kentville, and Amherst. It will make six stops in Nova Scotia during 18 days in October, 1967. In the case of British Columbia I understand there will be 11 stops during 44 days. Of course the hon. member will admit that Nova Scotia's history is somewhat longer than British Columbia's.

Mr. Herridge: Oh?

Mr. Stewart: We shall see, it is true, a confederation caravan, but we should have liked to see the confederation train. In eastern Nova Scotia we assume that sound, objective considerations determined the itinerary that has been established. I have not seen an exposition of these considerations but I hope, Mr. Speaker, on the principle that misery loves company, that the hon. member is consoled to some small degree.

Mr. Herridge: Mr. Speaker, I am consoled by the hon. member's misery.

Motion agreed to and the house adjourned at 10.29 p.m.

HOUSE OF COMMONS

Wednesday, January 18, 1967

The house met at 2.30 p.m.

FINANCE

TABLING OF LETTER FROM FIRST NATIONAL CITY BANK

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, yesterday the hon. member for Qu'Appelle (Mr. Hamilton) asked if I would table a copy of a letter from the First National City Bank to the former minister of finance. With the permission of the house I do so now.

Mr. Speaker: Has the minister leave to table this letter?

Some hon. Members: Agreed.

BANK OF WESTERN CANADA—SUSPENSION OF SHARE LIMITATION

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I should like to reply to a question regarding the Bank of Western Canada that the Leader of the Opposition addressed on Tuesday to the President of the Treasury Board.

The charter of that bank, granted by this parliament, contains provisions that in most respects are similar to clauses 52 to 57 of the bill to revise the Bank Act that is now being studied in the standing committee on finance, trade and economic affairs. It provides for a limit of 10 per cent in the number of shares of the bank that a shareholder and his associates may own, subject to a provision that the bank may accept subscriptions for shares by residents without regard to this limit, but no such subscriptions may be accepted by the bank except in accordance with and subject to such terms and conditions as the Treasury Board may by order prescribe.

When the promoters of this bank appeared before the standing committee they disclosed the number of shares for which the associated group of shareholders proposed to subscribe and the relationship among the various corporations making up the group. This information appears in the minutes of the committee. The proposed shareholdings were again disclosed to the board in the request by the bank to accept subscriptions from this group in excess of the 10 per cent limit that would otherwise apply.

The terms and conditions contained in order 658,534 are, I consider, quite appropriate to deal with the situation in which the founding shareholders propose to have a majority interest during the early stages of the operations of the bank. These include a requirement that all shares of the bank in excess of the 10 per cent of the total outstanding that are held by the associated group must be disposed of before January 1, 1977, unless an extension is granted by the governor in council.

• (2:40 p.m.)

The proposed shareholdings of the associated group are listed in the treasury board order, the contents of which were made public by the Bank of Western Canada and which I would be very pleased to table if it is the wish of the house. I understand that because of a reorganization there have been some changes of ownership within the associated group but no increase in the total shares to be owned by all members of the group as stated in the order.

I have the treasury board minute and if the house so desires I would be very happy to table copies in both English and French.

Mr. Speaker: Is it agreeable to the house that the minister table the treasury board minute to which he has referred?

Some hon. Members: Agreed.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, the matter the minister has raised has given me some concern after reading about it in the newspapers and after being made aware of it as a result of the hearings before the committee to which the minister referred. I am somewhat disturbed by the implication in the minister's statement today that in the future this date of 1977 may possibly be extended still further. I am disturbed about it not only because it is in contravention of the act we now are in the process of passing through the committee but also because it lends further substance to the suspicions of the people of western Canada that this is not really a Bank of Western Canada because these institutions are based in the province of Ontario. I should like some assurance that the government would not permit this shareholding situation to continue beyond 1977, which seems to be generous in the extreme.

Mr. Sharp: I thank the hon. gentleman for his confidence that we will be in office in 1977.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

NATIONAL CAPITAL COMMISSION ACTIVITIES IN HULL, QUE.

Question No. 1,998—**Mr. Isabelle:**

1. How much has the National Capital Commission spent on expropriations, constructions, land development, etc., since 1949 in the city of Hull and the federal constituency of Hull?

2. How many Hull residents are employed on a full time basis by the National Capital Commission, and how many are employed as seasonal workers during the summer months?

Hon. G. J. McIlraith (Minister of Public Works): 1. The sums expended by the National Capital Commission on expropriations, construction, and land development between April 1, 1949, and March 31, 1966, in (a) the city of Hull totalled $4,043,087, and (b) the constituency of Hull, but excluding the city of Hull, totalled $48,675.

2. The commission ordinarily employs 44 full time and 41 seasonal employees who reside in the city of Hull. It ordinarily employs 25 full time and seven seasonal employees from the municipalities of Gatineau Point, Gatineau, Templeton, and Buckingham.

RETURNING OFFICERS APPOINTED, SASKATCHEWAN

Question No. 2,076—**Mr. Southam:**

1. On the basis of the redistribution of federal constituencies in Saskatchewan, have any returning officers been appointed?

2. If so (a) how many, and under whose recommendation and authority were they appointed (b) what are the names and addresses of these appointees and on what date or dates were they appointed?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): 1. Yes.

2. (a) Thirteen, recommended by the Secretary of State under the authority of section 8 of the Canada Elections Act and section 27 of the Electoral Boundaries Readjustment Act. (13 Elizabeth II Chap. 31)

(b)

Constituency	Appointee and address	Dated appointed
Assiniboia	Mr. Dave Ayotte, Minton, Sask.	Sept. 2/66
Battleford-Kindersley	Mr. Frank Herback, Unity, Sask.	Sept. 2/66
Mackenzie	Mr. Louis Anton Yaworski, Rama, Sask.	Nov. 17/66
Meadow Lake	Mr. Louis Vey, Spiritwood, Sask.	Sept. 2/66
Moose Jaw	Mr. Robert Kern, 849 Elizabeth, Moose Jaw, Sask.	Sept. 2/66
Prince Albert	Mr. Archie Anderson, Box 85, Spruce Home, Sask.	Sept. 29/66
Qu'Appelle-Moose Mountain	Mr. Frank Mathers, Esteven, Sask.	Sept. 2/66
Regina East	Mr. Calvin D. Abrahamson, 1840 McIntyre, Regina, Sask.	Sept. 2/66
Regina-Lake Centre	Mr. Art Joa, Lockwood, Sask.	Sept. 2/66
Saskatoon-Biggar	Mr. Douglas Hutchison, 1125 Avenue B. North, Saskatoon, Sask.	Dec. 1/66
Saskatoon-Humboldt	Mr. Walter Pappenfus, Annaheim, Sask.	Sept. 15/66
Swift Current-Maple Creek	Mr. Irving Hansen, 335 Herbert St. E., Swift Current, Sask.	Nov. 17/66
Yorkton-Melville	Mr. Henry Graf, R.R. 1, Yorkton, Sask.	Sept. 15/66

[Mr. Sharp.]

RETURNING OFFICER, GASPÉ CONSTITUENCY

Question No. 2,204—**Mr. Keays:**

1. Who was the previous returning officer for the electoral district of Gaspé?

2. Who is the new appointee?

3. Who is or are the person or persons or association or associations or other organizations who recommended the present returning officer?

4. Were any extra qualifications considered for the new appointment and, if so, what were they?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): 1. Mr. Frederick R. Sams, P.O. Box 522, Gaspé, P.Q.

2. Mr. Ludger Gagné, Ste-Adelaide-de-Pabos, P.Q.

3. Recommended by the Secretary of State under the authority of section 8 of the Canada Elections Act and section 27 of the Electoral Boundaries Readjustment Act. (13 Elizabeth II Chap. 31).

4. No.

LOANS TO FOREIGN COUNTRIES

Question No. 2,220—**Mr. Caouette:**

1. To what country or countries has Canada loaned money with interest?

2. What is the rate of interest?

3. What is the amount of each loan and its duration?

Hon. Mitchell Sharp (Minister of Finance): 1, 2 and 3.

The loans listed below are those which are carried in the public accounts and on which amounts were outstanding as at December 31, 1966.

Country	Amount of Loan	Rate of Interest	Duration
	(millions of Canadian dollars)	(% per annum)	
United Kingdom—1946 (U.K. Financial Agreement Act, 1946)	$1,185.0	2%	50 years
Belgium—1946	68.8	3%	30 years
France—1946 (see note 1)	253.4	3%	30 years
Netherlands—1946	123.9	2¾% 1950–58	30 years
(Loans under the Export Credits Insurance Act, part II)		3% 1959–70 3¼% 1971–76	
Ceylon—1958 (Special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada)	2.0	4¼%	9 years
India—1963 (For purchase in Canada of aircraft and associated spare parts)	12.5	3½%	5 years
China—1946	52.5	3%	31 years
Greece—1923	8.0	5%	25 years
Roumania—1922 (Inactive loans) (see note 2)	24.0	4%	46 years
As detailed in Appendix A (Special loan assistance for developing countries)	46.3		
As detailed in Appendix B (Financing agreements under section 21-A of the Export Credits Insurance Act)	295.9	6%	

Note 1—Includes interest on interim advances made prior to signature of loan agreement.

Note 2—These loans are not currently revenue producing or realizable.

APPENDIX A:

SPECIAL LOAN ASSISTANCE FOR DEVELOPING COUNTRIES

Country	Amount of Loan	Rate of Interest	Duration
	(thousands of Canadian dollars)	(% per annum)	
Ceylon	$1,000	¾ of 1%	50 years incl. 10 years grace period
	1,500	"	"
Ecuador	1,260	¾ of 1%	50 years incl. 10 years grace period
El Salvador	3,240	¾ of 1%	35 years incl. 5 years grace period
Guyana	1,800	nil	50 years incl. 10 years grace period
India	2,150	¾ of 1%	50 years incl. 10 year grace period
Jamaica	700	¾ of 1%	50 years incl. 10 year grace period
	925	"	"
	600	"	"
	500	"	"
	800	"	"
Nigeria	3,500	1965–70: nil 1971–90: 6%	25 years incl. 5 year grace period
Pakistan	23,363	¾ of 1%	50 years incl. 10 year grace period
Paraguay	800	¾ of 1%	50 years incl. 10 year grace period
Trinidad and Tobago	650	¾ of 1%	50 years incl. 10 year grace period
	400	"	"
	400	"	"
	500	"	"
	800	"	"
	340	"	"
	750	"	"
	350	"	"
Total	$46,328		

APPENDIX B:

LOANS MADE UNDER SECTION 21-A
OF THE EXPORT CREDITS INSURANCE ACT

Country	Amount of Loan	Rate of Interest	Duration
	(thousands of Canadian dollars)	(% per annum)	
Argentina	$12,500	6%	9 years incl. 3 year grace period
	975	6%	9 years incl. 1 year grace period
	1,859	6%	13 years incl. 1 year grace period
	336	6%	5 years
	3,200	6%	11 years incl. 1 year grace period
Brazil	2,600	6%	10 years incl. 3 year grace period
	6,054	6%	"
	2,400	6%	8 years incl. 3 year grace period
Ceylon	10,800	6%	15 years incl. 3 year grace period
Chile	14,200	6%	"
	8,520	6%	"
Greece	4,836	6%	"
India	8,000	6%	19 years incl. 4 year grace period
	1,900	6%	14 years incl. 2 year grace period
	8,000	6%	15 years incl. 3 year grace period
	37,000	6%	20 years incl. 5 year grace period
	1,600	6%	15 years incl. 5 year grace period
	4,200	6%	15 year incl. 4 year grace period
	2,061	6%	20 years incl. 4 year grace period
	8,000	6%	20 years incl. 5 year grace period
Israel	2,300	6%	13 years incl. 3 year grace period
Liberia	1,622	6%	16 years incl. 3 year grace period
Mexico	13,514	6%	8 years incl. 1 year grace period
	16,324	6%	11 years incl. 2 year grace period
	27,027	6%	8 years incl. 2 year grace period
	2,973	6%	10 years incl. 2 year grace period
	3,016	6%	6 years incl. 4 mos. grace period
	9,946	6%	8 years incl. 1 year grace period
	9,838	6%	8 years incl. 3 year grace period
	5,405	6%	15 years incl. 3 year grace period

Country	Amount of Loan	Rate of Interest	Duration
	(thousands of Canadian dollars)	(% per annum)	
Pakistan	6,351	6%	15 years incl. 3 year grace period
	6,000	6%	19 years incl. 3 year grace period
	5,300	6%	20 years incl. 4 year grace period
	24,678	6%	21 years incl. 5 year grace period
Phillipines	13,500	6%	12 years incl. 2 year grace period
Taiwan	5,000	6%	8 years incl. 2 year grace period
United Arab Republic	4,099	6%	10 years incl. 2 year grace period
Total	$295,934		

LOANS TO FOREIGN COUNTRIES—METHOD OF GRANTING

Question No. 2,221—**Mr. Caouette:**

In connection with question No. 2,220 relating to loans and interests (a) are such loans granted through chartered banks (b) if not, by whom are they granted?

Hon. Mitchell Sharp (Minister of Finance): The loans referred to in question 2,220 were granted by the government of Canada.

C.N.R. EXPENDITURE ON TRAINING PERSONNEL

Question No. 2,247—**Mr. Godin:**

For the first nine months of 1966, did the Canadian National Railways incur expenditures for the training of 1,095 registered trainees and 37,123 workers employed in sales supervision, relations with customers, technical skills and trades and, if so, how much?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advise as follows: The company provides various types of training and retraining for employees, providing courses in apprenticeship, sales and customer relations, technical and skills, supervisory and management development, rules instruction, first aid, safety and fire prevention. Total cost: $1.7 million. 37,123 were given training and, of that number, 32,200 occupied non-supervisory positions.

[Mr. Sharp.]

AREA DEVELOPMENT INCENTIVES, RIMOUSKI CONSTITUENCY

Question No. 2,345—**Mr. LeBlanc (Rimouski):**

Since the assent of the Area Development Incentives Act (14 Elizabeth II, chap. 12) (a) have any requests been made to the Minister of Industry to establish or improve industries in the riding of Rimouski (b) if so (i) have these requests been favourably received (ii) what is the amount, in each case, of the direct grant or the tax exemption allowed to each one of these industries?

[*Translation*]

Hon. C. M. Drury (Minister of Industry): (a) Two applications for grants under the Area Development Incentives Act have been received from firms wishing to expand in the designated Canada Manpower Centre area of Rimouski which is located in the constituency of Rimouski.

(b) Of these, one application has been approved and the actual amount of the grant is now being determined. The second application is being processed.

[*English*]

B AND B COMMISSION EXPENDITURES ON RESEARCH

Question No. 2,360—**Mr. Coates:**

Of the $5,373,198.66 that was spent by the royal commission on bilingualism and biculturalism as of October 31, 1966, what proportion was spent on research?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): I am informed by

the royal commission as follows: Of the $5,373,198.66 spent to October 31, 1966, approximately 75 per cent, or $4,030,000, has been spent on research.

PAYMENTS BY B AND B COMMISSION TO RESEARCH CONSULTANTS

Question No. 2,361—**Mr. Coates:**

1. As of this date, how much has been paid by the royal commission on bilingualism and biculturalism to L. Dion, D. Easton, J. Meisel, J. LaRiviere, A. Raynauld, W. Mackey and J. Ethier-Blais, since they assumed positions as research consultants?

2. Were any of these individuals involved with the royal commission in any other capacity prior to, during or since, assuming positions as research consultants and, if so, what were the amounts paid to each involved in other work for the commission?

Mr. John R. Matheson (Parliamentary Secretary to Prime Minister): I am informed by the royal commission as follows: The individuals named commenced work with the commission at different times. Payments made from January 1, 1964 to October 31, 1966 are as follows:

	Date appointed	Payment for travel	Payment for honoraria	Total payments for travel and honoraria
L. Dion	Jan 1/64	$11,476.90	$44,925.45	$56,402.35
D. Easton	Aug 1/64	7,048.44	44,212.50	51,260.94
J. Meisel	May 1/64	3,410.94	11,175.00	14,585.94
J. LaRivière	Oct 29/64	4,986.00	11,790.00	16,776.00
A. Raynauld	Sep 11/64	940.03	26,850.00	27,790.03
W. Mackey	Jul 15/64	2,885.53	7,810.00	10,695.53
J. Ethier-Blais	Jan 5/65	1,357.70	8,541.57	9,899.27

2. The following three people hold research contracts with the commission, as well as being research consultants:

	Date contract approved	Contract payments to date
W. Mackey	Sep 11/64	$13,856.73
J. Meisel (held jointly with Professor V. Lemieux)	Jun 10/64	25,000.00
A. Raynauld	Nov 20/64	10,975.00

COMPLAINTS TO TRANSPORT BOARD OVER LEVEL CROSSINGS

Question No. 2,365—**Mr. Orlikow:**

1. How many complaints have been received by the Board of Transport Commissioners from each province, in each of the past ten years, in respect to train stoppages at level crossings which bring about traffic tie-ups?

2. Did the Board of Transport Commissioners investigate these complaints, and if any complaint was verified, what action did the Board of Transport Commissioners take?

3. Were any of the complaints followed by prosecutions in the courts and, if so, when, where, and by whom were the prosecutions carried out, and what were the results of these prosecutions?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The Board of Transport Commissioners advises as follows: 1. Section 314 of the Railway Act prescribes that no railway company, its officers, agents or employees shall wilfully permit any engine or car to occupy a public crossing for a longer period than five minutes at one time. The board does receive complaints from time to time involving breaches of this requirement. A statistical record of such complaints by provinces is however not maintained.

2. Complaints which reach the board involving the excessive blocking of public crossings are fully investigated and where corrective action is indicated the railway company concerned is directed to take such action.

3. The board has no record of any prosecutions in the courts during such period.

* SINKING OF M.S. "CABOT"

Question No. 2,370—**Mr. Howard:**

1. What was the name of, and rank held by each officer and engineer who was aboard the M.S. *Cabot* when she capsized in Montreal harbour on or about December 16, 1966, and by whom was each such person employed?

2. With respect to each such officer and engineer, by name, was he in possession of a certificate of competency and, if so, for what grade and rank in each case and what was the date of issuance thereof?

3. As of December 15, 1966, was the M.S. *Cabot* exempted from any of the provisions of the Canada Shipping Act and, if so, what was the nature of the exemptions, the provisions of the said

act from which she was exempted and the date of each exemption?

4. As of December 15, 1966, had any of the provisions of the Canada Shipping Act, except as referred to in part 3 hereof, been waived or otherwise dispensed with either in so far as the M.S. *Cabot* was concerned or in so far as any of her officers or engineers were concerned and, if so, what was the nature of such dispensation, the provisions of the said act so dispensed with, the date of issuance of any such dispensation and, if related to a person, the name and occupation of each such person?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the answer to questions 1 and 2 is as follows: J. A. Begin, master, certificate of competency as master coasting, No. 13577 issued February 24, 1934. J. L. Vigneault, first mate, certificate of competency master home trade, No. 22538, issued August 18, 1960. G. LeBlond, second mate, certificate of competency master home trade, No. 22081 issued April 27, 1959. Marcel Cote, third mate, certificate of competency first mate home trade, No. 24302 issued July 25, 1966. Paul Bouchard, chief engineer, certificate of competency second class combined steam and motor, certificate C. 809 issued January 11, 1965. J. P. Collin, second engineer, certificate of competency third class combined steam and motor, No. C. 885 issued January 21, 1966 (off duty at time of accident). L. Dube, third engineer, certificate of competency third class motor, No. 3074 issued March 5, 1959. J. Girard, fourth engineer certificate of competency third class motor with fourth class steam and motor, No. 4685 issued November 1, 1966. J. H. Lavoie, fifth engineer, certificate of competency second class combined steam and motor, No. C. 902 issued March 10, 1966.

Mr. Starr: On a point of order, Mr. Speaker, considering the lengthy reply the parliamentary secretary to the Minister of Transport is making I would ask that his answer be taken as read and printed in *Hansard*.

Mr. Speaker: Is this agreed?

Some hon. Members: Agreed.

Mr. Howard: Just a moment. I do not see why the hon. member for Ontario should interfere with the rights of other people. He takes up enough time in this house.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, question No. 2,168 has been on the order paper since last November 10, that is for over two months. Therefore, I wonder when the Secretary of State (Miss LaMarsh) intends to answer it.

[Mr. Howard.]

[*English*]

Mr. Speaker: Shall the remaining questions stand?

Mr. Howard: I did not understand that the parliamentary secretary had finished answering the question before he was so rudely interrupted.

Mr. Speaker: If there is no agreement about the suggestion of the hon. member for Ontario the parliamentary secretary might be allowed to complete his answer.

Mr. Byrne: Thank you, Mr. Speaker. I shall continue. A. Roussel, maintenance engineer, no certificate of competency (off duty at time of accident). The foregoing officers and engineers were employed by Gulfport Steamship Company Limited, 1155 Dorchester Street West, Montreal.

3. As provided for in regulation 55(3)(a) of the fire detection and extinguishing equipment regulations, smothering gas for fire extinguishing purposes in the holds was waived by virtue of the provision of steel hatch covers and effective means of closing all ventilators and other openings leading to the holds. Exemption granted during construction of vessel and dated April 9, 1965.

4. No.

RAIL RATES ON LUMBER AND PLYWOOD

Question No. 2,374—**Mr. Reid:**

1. What are the rail rates for lumber and plywood between the Canadian lakehead and Toronto?

2. What are the rail rates for lumber and plywood between British Columbia and Toronto?

3. What is the proposed increase in rail rates for lumber and plywood in each of the two above cases?

4. What, if any, protests has the Minister of Transport or the governor general in council received against this increase from persons or organizations in northwestern Ontario.

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The Board of Transport Commissioners for Canada advises as follows:

1. Competitive commodity rates for account all shippers

Lumber from Fort William, Port Arthur and West Fort William, Ont. to Toronto, Ont.

60 cents per 100 lbs., min. weight 50,000 lbs.
56 " " " " " " 60,000 "
54 " " " " " " 70,000 "
53 " " " " " " 80,000 "

Plywood, no specific commodity rates in effect.

2. (a) Competitive commodity rates for account all shippers

Lumber

159 cents per 100 lbs., to min. wt. 50,000 lbs.

Plywood,

184 cents per 100 lbs., to min. wt. 40,000 lbs.

(b) Agreed charge rates for account 116 different shippers.

Lumber and Plywood

164	cents	per	100	lbs.,	min.	wt.	40,000 lbs.
156	"	"	"	"	"	"	50,000 "
154	"	"	"	"	"	"	60,000 "
151	"	"	"	"	"	"	70,000 "
147	"	"	"	"	"	"	80,000 "
145	"	"	"	"	"	"	90,000 "
143	"	"	"	"	"	"	100,000 "

3. (a) An increase of 10 per cent was placed on the rates from the lakehead effective October 10, 1966, but this increase was removed on November 14, 1966. (b) No increase has been made in the rates from British Columbia since December 31, 1964. (c) No information as to any proposed increase in these rates.

4. The board received a letter dated December 29, 1966 from the Department of Economics and Development of Ontario, protesting what was alleged to be a proposed 10 per cent increase in the rate on lumber from the lakehead area to become effective January 1, 1967. No such increase has been filed with the board or put into effect.

HOUSING CONSTRUCTION—TAX ON BUILDING MATERIALS

Question No. 2,375—**Mr. Laprise:**

1. For each year since 1960, what has been the percentage of housing construction as compared with the gross national product?

2. What have been the total returns from the tax on building materials for each year since its introduction?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Trade and Commerce and National Revenue as follows:

1. Comparison of housing construction with gross national product, 1960 to 1966*

	Gross national product (millions of dollars)	(A) Housing (new)	New Housing as a percentage of gross national product	(B) Housing (new and repair) (millions of dollars)	Housing (new and repair) as a percentage of gross national product
1960	36,287	1,456	4.0	1,913	5.3
1961	37,471	1,467	3.9	1,951	5.2
1962	40,575	1,587	3.9	2,100	5.2
1963	43,424	1,713	3.9	2,257	5.2
1964	47,403	2,028	4.3	2,605	5.5
1965	51,996	2,133	4.1	2,752	5.3
1966	57,740*	2,116	3.7*	2,772	4.8*

*Gross national product estimate for 1966 is based on the level of the seasonally adjusted 3rd quarter and therefore subject to revision.

2. Sales tax revenue is not separated as to products or categories. It is not possible therefore to furnish this information.

PRICES OF CHEESE AND POWDERED MILK

Question No. 2,389—**Mr. Godin:**

1. What criteria are used as a basis in this country to set the price of (a) cheese (b) powdered milk?

2. Is the price of such products higher in Ontario than in Quebec?

3. If so, for what reasons?

Hon. J. J. Greene (Minister of Agriculture): 1. (a) and (b). Numerous factors influence cheese and powdered milk prices. These include supply, demand, stabilization and marketing programs and the prices of other dairy products competing for the milk supply.

2. The price of powdered milk is similar in the two provinces but, based on market quotations, cheese prices are at a slightly higher level in Ontario.

3. Supply, demand and other market factors.

Motions for Papers

SPRINGHILL, N.S. PENAL INSTITUTION—CHAPEL AND VOCATIONAL TRAINING BUILDING

Question No. 2,399—**Mr. Coates:**

1. What is the amount of the contract for the construction of a chapel and vocational training building at the young offender's penal institution at Springhill, Nova Scotia, and who was the successful tenderer?

2. How many additional tenders were submitted, by whom, and in what amounts?

Hon. G. J. McIlraith (Minister of Public Works): 1. and 2. No contract has been awarded. Tenders are due on January 18, 1967 for construction of two chapels, an industrial building, a garage and a stores building.

MOTIONS FOR PAPERS

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, notice of motion No. 198 is acceptable to the government. Would Your Honour please call notices of motions number 192 and number 193. I ask that the remaining notice be allowed to stand.

LABOUR (STANDARDS) CODE—DEPARTMENTAL CORRESPONDENCE

Motion No. 192—**Mr. Howard:**

That an order of the house do issue for a copy of all correspondence, telegrams or other documents exchanged between the minister or Department of Labour and any other person, group or organization, excepting any other department or agency of government, relating to the Canada Labour (Standards) Code or the deferment or suspension of any part thereof.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, with regard to this motion I might say that the documents requested are very voluminous, representing the contents of several hundred files containing thousands of letters and memoranda going back to early 1965. Acceptance of this motion would also involve disclosure of the internal operations of many companies concerned including matters that are confidential and likely to affect their competitive positions in their industries. It would be contrary to normal practice to make public such information, and I hope that under the circumstances the hon. member is willing to withdraw the motion.

Mr. Howard: Mr. Speaker, before the Christmas recess the minister undertook to file, to table or otherwise to advise the house of the number of exemptions or applications for deferment that had been dealt with under various dispositions. If the minister is still of the opinion that he is going to do that, and on the understanding that he will, perhaps I could withdraw this motion.

Mr. Nicholson: I will be pleased to give that undertaking, Mr. Speaker, and will file the information covered by the statement made by the hon. member at the earliest possible date. Some of it could be filed very shortly but some may take a little time to compile.

Mr. Speaker: Dropped.

Order discharged and motion withdrawn.

LABOUR (STANDARDS) CODE—CORRESPONDENCE BETWEEN DEPARTMENT AND C.B.C.

Motion No. 193—**Mr. Howard:**

That an order of the house do issue for a copy of all correspondence telegrams or other documents exchanged between the Minister or Department of Labour and the Canadian Broadcasting Corporation relating to the application of the Canada Labour (Standards) Code or the deferment or suspension of any part thereof.

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, with regard to this motion, the correspondence between the Department of Labour and the Canadian Broadcasting Corporation with respect to the Canada Labour (Standards) Code also extends back to 1965. Moreover, it contains matters related to the internal operations of the corporation, including matters dealt with both in correspondence and related discussions that are of a confidential nature and affect the corporation's competitive position. Perhaps I might add that the C.B.C. did make an application for deferment of hours of work. That application, after careful review, was rejected by me as Minister of Labour on December 29 last. In view of these considerations I would hope the hon. member would withdraw this motion.

Mr. Howard: Mr. Speaker, I wonder whether, in the light of the explanation, I might have time to read it in detail and consider what the minister has said and perhaps make a determination about it on another day. Could the motion stand?

Motion stands.

EXTERNAL AFFAIRS

VIET NAM—REQUEST FOR BAN ON ARMS SHIPMENTS TO U.S.

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, would the Prime

Minister give the house a report on his reaction to the unusual request made by some 360 university teaching staff, mostly of the University of Toronto, asking for a ban on arms shipments to the United States until the Americans withdraw from Viet Nam?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the discussion among the Secretary of State for External Affairs, myself and the delegation in question was confidential. The delegation left with me a letter to which I said I would be glad to reply in writing. Perhaps at that time, if they agree, we could table both their letter our reply.

Mr. Diefenbaker: I do not understand these confidential meetings; but the press reports as follows:

Professor Hughes—

He is apparently the sponsor or originator of the idea.

Mr. Speaker: Order, please. The right hon. gentleman knows, of course, that he can refer to press statements but they cannot be quoted as a preamble to a question.

Mr. Diefenbaker: Then I will ask the question more directly. Did the Prime Minister, as stated by Professor Hughes, express sympathy for the arms ban suggestion?

Mr. Pearson: No, Mr. Speaker. I expressed sympathy and understanding with the point of view taken by the delegation in respect of their desire to bring the war in Viet Nam to an end, but there was no special sympathy expressed for that demand. Indeed, in our discussion of that particular request I pointed out that the export of arms and defence equipment to the United States was covered by our defence sharing agreement with that country, and we did not intend to abrogate that agreement.

Mr. Diefenbaker: Mr. Speaker, does not the Prime Minister feel it would be of assistance to groups such as this and to Canadians generally if once and for all this government would make a clear statement of policy setting out its views on the issue of Viet Nam, and giving a definition of the stand so uncertainly taken up to the present time by Canada?

Mr. Pearson: That has been done more than once inside and outside the house.

Mr. Diefenbaker: Nobody understands it.

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a supplementary question, Mr. Speaker. In view of the fact that the 360 professors in their petition pointed out that Canada is now selling some $300 million of arms annually to the United States under the defence production sharing agreements, and in view of the fact that they have asked that Canada follow the example of Sweden and stop such shipments until the intervention in Viet Nam has ended, is the government giving favourable consideration to this proposal? Will the government be making a statement shortly to the house as to what decision they have reached?

Mr. Pearson: Mr. Speaker, it is not our policy to stop the export of defence equipment to the United States or to other NATO allies in accordance with the agreements we have made with them. It was stated in one report that these shipments have increased by 82 per cent. The fact is that since 1965 they have only increased by 20 per cent whereas the imports of defence equipment from the United States into this country have increased by 120 per cent.

Mr. Starr: What are we getting ready for?

[*Translation*]

Mr. Maurice Allard (Sherbrooke): I should like to put a supplementary question to the Prime Minister in this connection. Since our sales of arms to the United States seem to have increased by 82 per cent in 1966, is it not the government's intention to ask for some changes in the Canada-U.S. defence production sharing agreements, so that our claims for peace in Viet Nam would not be merely rhetorical and our participation in the International Control Commission would be more consistent and effective?

Mr. Speaker: I do not think the hon. member is putting a question. It seems to me he is making a statement or rather making representations to the Prime Minister. In my opinion, the question, if it is one, is out of order.

[*English*]

Mr. E. Nasserden (Rosthern): I have a supplementary question for the Prime Minister. Now that he has admitted that the sales of defence equipment by Canada to the United States have increased by 20 per cent and that our purchases of such equipment from the United States have increased by 120 per cent during the past year, would he indicate to the house whether this was the objective in mind when Canada signed the joint defence sharing agreement?

Mr. Pearson: No, Mr. Speaker, that was not in our mind at the time.

[*Later:*]

[*Translation*]

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I should like to address my question to the right hon. Prime Minister.

Would the Prime Minister tell the house whether the government intends to confine its contribution to the Viet Nam war to the sale of armaments?

[*English*]

POWER

COLUMBIA RIVER—PROPOSED FURTHER DEVELOPMENT BY U.S.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the parliamentary secretary to the Secretary of State for External Affairs. In view of the proposed program for the further development of power at the Grand Coulee dam in the United States on the Columbia river as the result of water storage facilities provided by Canada under the Columbia river treaty and protocol, in view of the glowing statements about this achievement in the western United States press, and in view of the statements by Canadian hydro economists that Canada should have received greater benefits from the Columbia river treaty and protocol as a result of this unexpected development, is the parliamentary secretary prepared to admit that Canada was sold down the river to the United States when the Columbia river treaty and protocol were signed?

Mr. Speaker: Order. This is certainly a rhetorical question.

[*Translation*]

PARLIAMENT HILL

INQUIRY AS TO REPRESENTATIONS RESPECTING PARKING

On the orders of the day:

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to direct a question to the Prime Minister. Could he tell the house whether he has received representations or even a petition from the parliamentary staff and from certains members about parking facilities on parliament hill.

Is this parking situation on parliament hill being studied in order to solve this difficult problem which affects several members and a number of parliament employees?

[Mr. Nasserden.]

Is the Prime Minister in a position to tell us something about the parking situation?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, I have received communications of that kind and probably the Minister of Public Works has received more. However, I think the present arrangements should be given an opportunity to show their usefulness. I think they are an improvement.

FINANCE

DEPOSITORS MORTGAGE CORPORATION—REPORTED FINANCIAL DIFFICULTIES

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the Minister of Finance a question concerning a mortgage or finance company which appears to be in very serious difficulties. Has the minister or the government any information with respect to the position of Depositors Mortgage Corporation which, according to today's *La Presse*, is involved in difficulties with respect to liabilities exceeding $25 million.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, I was informed the day before yesterday about the difficulties of this company. I got in touch immediately with the superintendent of insurance, who told me that this is a Quebec company which is not subject to the supervision of the federal government.

Mr. Fulton: I have a supplementary question for whoever is Acting Registrar General at the moment. Has the Acting Registrar General received any information with respect to a proposal said to have been made yesterday to the registrar of bankruptcy for the judicial district of Montreal by Depositors Mortgage Corporation, in which apparently the company has suggested an extension of time and accommodation to work its way out of these difficulties?

Hon. L. T. Pennell (Solicitor General): In the absence of the Acting Registrar General may I be permitted to say I was advised that the Acting Registrar General learned of the matter on Monday night, immediately upon the filing of the proposal in the bankruptcy division of the Superior Court of the district of Montreal. He at once instructed the superintendent of bankruptcy to have his regional officer in Montreal inspect all documents and interview the trustee of the proposal with a view to examining the nature of the assets

and liabilities to establish whether any irregularities may or may not have occurred.

The Acting Registrar General is now in Montreal and is meeting with officials of the bankruptcy division of the Registrar General's department.

REPORTED INCREASE IN GOVERNMENT EXPENDITURES

On the orders of the day:

Hon. George Hees (Northumberland): I have a question for the Minister of Finance. In view of the fact that during the first eight months of this fiscal year government expenditures were $630 million in excess of those for the same period last year, does the minister consider that this is a satisfactory performance during a period when the government is urging other Canadians to cut back expenditures?

Mr. Speaker: Order, please. The hon. member is asking for an expression of opinion on the part of the minister and I do not think the question is acceptable.

Mr. Hees: May I ask a supplementary question. In view of the expenditures made by the government during the first eight months of this fiscal year, does the government intend to start curtailing expenditures to try to keep government action in line with that urged upon other Canadians?

Hon. Mitchell Sharp (Minister of Finance): All government expenditures are being made in accordance with estimates approved by this parliament. I have not heard from the other side the kind of support for economies that I think would be appropriate under these circumstances.

INDUSTRY

NEW BRUNSWICK—REQUEST FOR EXTENSION OF INCENTIVE PROGRAM

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): I have a question for the Minister of Industry. In view of the bleak and discouraging picture of New Brunswick shown on television last night, particularly with relation to the lack of jobs and industry, will the minister again look over the industrial incentive program for that province, and particularly the exclusion of Fredericton and Saint John from the plan?

Hon. C. M. Drury (Minister of Industry): I assume the bleakness to which the hon. member was referring was of a political character. I detected that myself. In respect of the industrial incentive program, I feel the hon. member will have gathered, especially from the reaction of the voters in Saint John, that the people are quite satisfied with the progress being made.

Mr. Bell (Saint John-Albert): May I ask a supplementary question. Since I am not responsible for the government of the whole province of New Brunswick, does the minister think this plan is working in New Brunswick?

Mr. Speaker: Order, please.

PROVISION OF SAFETY DEVICES ON CANADIAN AUTOMOBILES

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Now that the list of safety devices to be included on government purchased cars has been released it has been reported that the government has decided to consider legislation requiring the same devices on cars purchased by the general public. My question is to the Minister of Industry. Is the government now considering such legislation requiring safety devices on cars purchased by the general public?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, the government has under active consideration a very comprehensive report made by a committee of persons well informed in matters of automobile safety and the practical steps that might be taken, given the solution of constitutional and other problems in Canada, with a view to improving automobile safety in Canada.

Mr. Grafftey: My supplementary question is, now that the government has published a list of government standards is legislation being considered by the government with regard to automobiles purchased by the public?

Mr. Speaker: Order, please.

Mr. Grafftey: Is legislation being considered by the government?

Mr. Speaker: Order, please.

NATURAL GAS

TRANS-CANADA PIPE LINES—SUGGESTED TWINNING OF LINE IN CANADA

On the orders of the day:

Mr. M. W. Martin (Timmins): I have a question for the Minister of Mines, Energy and Resources. The question arises out of a

story in this morning's *Globe and Mail* entitled "Trans-Canada faces prolonged hearing". In view of the fact that this article outlines the strong possibility of at least a two year delay in any action on the present government approved pipe line, is the minister prepared to announce to the house that the government is going to insist that Trans-Canada Pipe Lines stop playing cat and mouse with their Canadian customers and start immediately on the twinning of their present line?

Mr. Speaker: Order. The question as asked is not acceptable.

Mr. Martin (Timmins): I should like to have it debated at ten o'clock.

[*Translation*]

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Alcide Simard (Lac-Saint-Jean): Mr. Speaker, I should like to put a question to the Minister of Justice.

Could the hon. minister tell us whether his department intends to exercise its prerogative of absolute pardon in the case of a person who has committed only one offence during his life?

Mr. Speaker: Order. The question is out of order.

Mr. Simard: Ten o'clock, Mr. Speaker.

[*English*]

LABOUR CONDITIONS

REQUEST FOR INCLUSION OF TOURIST INDUSTRY IN DESIGNATED AREA GRANTS

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): I have a question for the Minister of Industry. Can the minister tell us when the studies currently being conducted by his department into the broadening of the scope of the designated area grants to include the tourist industry will be completed?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, the analysis is presently under intensive preparation. I hope that within a month or so we might be able to produce some satisfactory basis for consideration of this question.

Mr. Eric A. Winkler (Grey-Bruce): I have a supplementary question. I should like to ask the minister if the revision will include the balance of Grey and Bruce counties.

[Mr. Martin (Timmins).]

Mr. Drury: I will take that under consideration, Mr. Speaker.

EDUCATION

REPORTED HOLIDAYS IN BERMUDA BY STUDENTS AT PUBLIC EXPENSE

On the orders of the day:

Mr. J. M. Forrestall (Halifax): My question is for the Minister of Manpower and Immigration, and I apologize for giving him such short notice. It arises out of a report in the Halifax *Herald* this morning in which the manpower department has been charged with paying for students' holidays in Bermuda. I wonder if the minister could first of all tell us whether this has been drawn to his attention, and if so what steps his department would be prepared to take to assure Canadians that their tax dollars are not being misused in this fashion.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker—

Some hon. Members: Hear, hear.

Mr. Marchand: I thank the hon. member for giving me notice. As he said, it was short notice and I did not have time to inquire into the case. I will do so as soon as I can, and perhaps tomorrow I can provide an answer.

Mr. Forrestall: May I ask a supplementary question. Would the minister explain what the applause was about? I did not think the question would attract that much attention.

Hon. E. D. Fulton (Kamloops): I have a related question for the minister. I am sure the minister was engaged in activities which prevented him from dealing with the notice he received, and I ask whether as a result of those activities he knows whether he was appointed leader of the federal Quebec party or just leader of the Quebec wing of the Liberal caucus?

INCOME TAX

REPORTING OF EARNINGS OF PART TIME EMPLOYEES

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to address a question to the Minister of National Revenue. Is it a fact that employers, when submitting T-4 returns this year must report the first dollar of earnings of all employees?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Yes, Mr. Speaker.

Mr. Hales: Would the minister not consider the same exemption that applies under the Canada Pension Plan, that is that anyone who works less than 25 days and earns less than $250 does not have to be reported?

Mr. Benson: Mr. Speaker, this is a very difficult question to answer, but basically the problem involved is with respect to the Canada Pension Plan, where one employer might not be aware of how much an employee earned from another employer. We are very anxious that every employee of Canada should receive all the credit he deserves under the Canada Pension Plan.

Mr. Hales: A supplementary question. Would the minister not let this exemption apply to transient and part time farm employees?

Mr. Speaker: Order. The hon. member is making a representation to the minister instead of asking a question.

[*Later:*]

Mr. Lawrence Watson (Assiniboia): Mr. Speaker, I should like to direct my question to the Minister of National Revenue. May I ask the minister whether his department will be sending out books of T-4 slips to all farmers in Canada immediately, so that every time they hire somebody on a casual basis for an hour or two they can get these forms filled in. May I also ask whether, if the information which is required is marked "Not Available", the department will get the necessary information from them?

Mr. Benson: Mr. Speaker, I think my department is very reasonable in dealing with people, and it does not expect taxpayers to provide information that they cannot possibly provide. With respect to T-4 returns, these are available at all the district taxation offices in Canada. These are the T-4 supplementaries and the summaries.

THE CANADIAN ECONOMY

STEEL—REQUEST FOR REVIEW OF PRICE INCREASES

On the orders of the day:

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is to the Minister of Finance and is based on a news item appearing in this morning's *Globe and Mail* which reports that the Steel Company of Canada has increased the price of galvanized sheet by 3 per cent. When this is taken in conjunction with an increase of 2½ per cent last week in the price of cold rolled sheet and the increase last week in hot rolled sheet by Dominion Foundries, I wonder whether the minister would reconsider his position with regard to asking these companies to review their price increases. Second, has the minister made inquiries and received from them any statement of justification for these increases in prices?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the government would, of course, have to decide from time to time whether it wished to intervene to ask companies not to increase their prices. In this particular case it is not the intention of the government to do so.

Mr. Cameron (Nanaimo-Cowichan-The Islands): As a supplementary question may I ask the minister whether the government's decision has been based upon the receipt of any reliable information which would justify these price increases?

Mr. Sharp: Mr. Speaker, the government requested the Steel Company of Canada to defer their price increases for a period of six months and other steel companies followed suit. It did not seem to the government that it would be justified in asking this industry to defer any increase for a further period.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question, Mr. Speaker. May I ask the minister whether during that six month period following the deferment the government had any study made of the production costs by the steel companies of Canada, and whether their decision not to ask them for a further deferment was based upon such a cost study.

Mr. Sharp: Mr. Speaker, the request to the Steel Company of Canada in the first instance was to defer their price increases in the interests of reducing the rate at which prices and wages were spiralling. They made that contribution, for which I think everyone should be grateful. While, as I say, the government might wish to intervene again at some time, that is not the intention at present.

Mr. Douglas: A further supplementary question. At the time the minister asked the companies to defer their price increases, did he not make the statement that the increase in wages in the steel industry was more than offset by increased productivity in the steel industry?

Inquiries of the Ministry

Mr. Speaker: Order. This question is argumentative.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I have a supplementary question which relates to cost of living and prices. Yesterday the government received further representations from a group of ladies. Did the government say they could do anything about the situation, and what remedies did they suggest?

Mr. Raymond Langlois (Mégantic): I have a supplementary question for the Minister of Finance in connection with deferment of price increases by steel companies. Does this also apply to nickel companies, particularly the Inco company, which increased the price of its nickel recently?

Mr. Sharp: The Minister of Trade and Commerce and I met with the nickel company some time ago. As a result of our representations the increase in prices announced at that time was, I believe, less than it would otherwise have been.

Mr. Cameron (Nanaimo-Cowichan-The Islands): A further supplementary question. Do I understand from the Minister of Finance that the only consideration the government has in mind in making a decision whether to ask certain enterprises to defer increases in prices is—

Mr. Speaker: Order. This question is not in order.

Hon. Michael Starr (Ontario): May I ask the Prime Minister whether the government is still giving consideration to the establishment of a prices review board.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, that matter has been under consideration from time to time, and we will be interested in reports from the parliamentary committee dealing with this matter before a final decision is taken.

FISHERIES

REQUEST FOR IMPLEMENTATION OF LEGISLATION RESPECTING BASE LINES

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I wish to address a question to the Minister of Fisheries. In view of the fact that the Republic of Korea has indicated its intention to enter the high seas salmon and other fisheries of the international north Pacific fisheries convention area, which could thus impair or destroy the treaty, will the government take immediate steps to implement the 12-mile limit legislation, especially the establishment of base lines from geographical co-ordinates, for the protection of our salmon and other fisheries resources?

Hon. H.-J. Robichaud (Minister of Fisheries): Mr. Speaker, while there are rumours to the effect that the Republic of Korea may engage in fishing operations on this side of the Pacific, there is nothing definite as yet. I want to assure the hon. member that every precaution will be taken so that no historic rights will be established by that country to fish off the west coast of Canada.

Mr. Frank Howard (Skeena): A supplementary question, Mr. Speaker. May I ask the minister how he can prevent the Republic of Korea or any other country from establishing historic fishing rights on the high seas when it is already a matter of right that they can fish there?

Mr. Speaker: Order. I suggest this question is argumentative.

CANADA PENSION PLAN

REPORTED PROBLEMS RESPECTING SHORT TERM FARM LABOUR

On the orders of the day:

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a question for the Minister of Agriculture. What action does the minister intend to take to meet the reported problem created by the Canada Pension Plan in so far as short term labour for farmers is concerned?

Mr. Speaker: Order. This question is of a general nature and cannot be asked at this time.

Mr. Nasserden: Mr. Speaker, I think it is quite an urgent matter. A number of farm organizations have been concerning themselves with the matter within the last day or two. Surely the minister has an answer to a problem which has arisen in many areas of this nation and is as pressing as that.

Mr. Speaker: If the hon. member feels there is urgency and he thinks I am wrong, he can always give notice to discuss the question at ten o'clock.

NATIONAL DEFENCE

PROVISION OF REPAIR FACILITIES FOR U.S. NUCLEAR SUBMARINES

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to ask the

Minister of National Defence whether he has any plans for alterations at naval dockyards in Canada for the accommodation or repair of United States nuclear submarines.

Hon. Paul Hellyer (Minister of National Defence): No, Mr. Speaker. They have their own facilities for these repairs. It is not necessary for us to supply them.

EXTERNAL AFFAIRS

SUGGESTED RENEGOTIATION OF MIGRATORY BIRDS CONVENTION

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the conflict which is occurring as a result of the treaties signed by the government of Canada and our Indian people and the Migatory Birds Convention Act, could the Prime Minister say whether consideration is being given to the advisability of asking the United States to renegotiate the migratory birds convention?

Right Hon. L. B. Pearson (Prime Minister): I would like to look into this question.

THE MINISTRY

INQUIRY AS TO DUTIES OF MEMBER FOR DAVENPORT

On the orders of the day:

Mr. Frank Howard (Skeena): I wonder whether I could try to determine what duties and responsibilities, if any, have been given to the hon. member for Davenport, and so I ask him that question.

Mr. Speaker: Order, please. The question is not acceptable.

Mr. Howard: Then may I direct a question to the Prime Minister and ask the right hon. gentleman whether he recalls when he was on this side of the house complaining bitterly about his inability to direct questions to Newfoundland's Billy Brown.

Right Hon. L. B. Pearson (Prime Minister): I do not possess that kind of total recall.

POST OFFICE DEPARTMENT

REQUEST FOR INCREASED PAYMENTS TO RURAL MAIL CARRIERS

On the orders of the day:

Mr. David MacDonald (Prince): I wish to direct a question to the Postmaster General. It relates to the recently announced pay increases for postmasters and their assistants, and to earlier increases to postal clerks and letter carriers. In the light of these increases to post office officials, is the Postmaster General giving serious consideration to allowing commensurate increases to the many thousands of rural route mail carriers?

Hon. Jean-Pierre Côté (Postmaster General): These rural route contractors bid for their contracts; they themselves fix the price for the service they give.

Mr. MacDonald (Prince): Since many of these contracts were negotiated years ago, and having regard to the rise in the cost of living since then, will the Postmaster General give this matter his serious consideration?

Mr. Côté (Longueuil): We do, Mr. Speaker. Every two years after the date a contract was issued, the contractor can ask for an increase, and usually we increase the amount paid. Usually contractors should be asked to bid every four years, but if they are doing good work we renew the contract.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Tuesday, January 17, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: When the committee rose last evening we were discussing new section 329 of clause 50 of the bill, with an amendment proposed by the hon. member for Winnipeg South Centre. The amendment is as follows:

That clause 50 be amended by striking out section 329 on pages 41 and 42.

Is the committee ready for the question?

Mr. Horner (Acadia): Last evening I was saying a few words in support of the amendment. I should like to continue by summarizing as briefly as I can my reasons for thinking it would be detrimental to the position of western farmers if these rates were once again aired.

It appears obvious to me that the minister has gone to great lengths to make a deal with the railways. He has made an arrangement

with the railways in which he has offered to give them something and they have offered to give him something in return. They are giving him very little, but under this particular clause we stand to give the railways a great deal. I should like to read what the minister said on this point to show how I reached the conclusion that he has made a deal, particularly with the C.P.R. As reported at page 11601 of *Hansard,* about half way down the right hand column, the minister said this, talking about the tax immunity granted to the C.P.R.:

> We did make representations to them that this kind of immunity, which had been given in perpetuity, was not really the kind of thing that was very desirable in the twentieth century. The company did say that if they were allowed the kind of scope the government had said they were going to propose to parliament to enable the company to increase railway revenues, then the company would be glad to give up this immunity.

I should like to underline what was being said here. In essence the railway company pointed out that if they were allowed the kind of scope which the government had said it intended to propose to parliament, then the C.P.R. would be prepared to pay taxes on all their land across the prairies including, in particular, a number of cities in western Canada. This very paragraph outlines beyond a shadow of doubt that the hon. gentleman has been making arrangements with the C.P.R. in particular; and as Minister of Transport he would have included the C.N.R. in his arrangements.

I wish to read his words once more in order to make it clear that we have evidence that there was a deal, and that this particular clause was part of the deal. Under this clause we could lose more than is evident today, depending on the finding of the inquiry, and on the extent to which public opinion was aroused. The minister said—and I think this is worth reading again—

> The company did say that if they were allowed the kind of scope the government had said they were going to propose to parliament to enable the company to increase railways revenues—

This would allow the company to pay taxes on all their property, particularly property in some of the western cities. Let me point out that this would amount to something like a million dollars a year in respect of each city out there.

So here is evidence that there was an arrangement, or a deal, made. I like the word "deal" because it suggests to a westerner that deals are sometimes shady. This deal could well be shady if the results of this inquiry come out on the wrong side of the ledger as far as the Crowsnest pass rates are concerned. That is the shady part of it, and I do not like it. I believe it would be much better if this section were to come out.

Mr. Pickersgill: If the hon. gentleman has left that subject, would he permit me to say a word about it?

Mr. Horner (Acadia): I should like to continue. I want to see this transportation bill through as quickly as I can.

Some hon. Members: Oh, oh.

Mr. Pickersgill: I know the hon. gentleman does not wish to misrepresent anything. I would just like to say that the statement of mine which he quoted had reference to the public statements which had been made. It had no reference to anything privately said to any railway company but to the public statement to the effect that we intended to introduce legislation to free the railway rates and permit competition. It had no relation whatsoever, in any shape or form, to the Crowsnest pass rates.

Mr. Horner (Acadia): It is all very well for the minister to say that. That is why I prefer to call it a shady deal, because we do not know. Let us strike out this clause.

Mr. Pickersgill: On a question of privilege, Mr. Chairman; the hon. gentleman and I have had amicable relations so far and I know he does not want to destroy them by questioning my word with regard to something I said myself. I am confident that the hon. member believes that the statement I have just made to the committee is a truthful statement.

Mr. Horner (Acadia): I am not doubting the minister's word. I am drawing attention to the provision which is included in this bill, the bill now before us. Whether he intended it to be in the bill does not matter. I do not think he did, because he says he did not. But it is in the bill now, and we do not like it. We do not like this section because it now becomes part and parcel of the arrangement the minister made, and it may be detrimental to the western farmer in the years ahead, particularly if public opinion can be aroused against these rates which were set so long ago.

• (3:30 p.m.)

Subsection 1 of the new section reads in part:

> —at the level of rates referred to in subsection (2) and shall report such revenues and costs to

the governor in council and the amount of payments necessary, in the opinion of the commission, to assist such railway companies to meet the costs of operations—

Is this concerned with allowing the farmers to get their products to market and affording them equal opportunity to market their products? There is no mention of that, but that is what the Crowsnest Pass rates were intended to do in conjunction with the quota system.

This new section is concerned with the railway companies and that is why I think it was placed in the bill as part and parcel of the arrangement that was made. Some hon. members opposite may wonder why I get a little worked up over something like this, but the Crowsnest pass rates are the Magna Carta of western Canada. We see the thin edge of the wedge in this new section and this is why we are making a determined stand to try to convince the minister that it should be deleted.

I would be the first to say that the minister has really tried to be co-operative, and by this amendment we are urging him to be more co-operative. We will not mind if ten years from now the government and the minister, if he is still Minister of Transport, say: Let us have a review of the Crowsnest pass rates. By that time railway equipment may be modernized and there might be a possibility that the rates might be reduced.

The new section provides that a study of the rates must be completed within three years. What is the use of a three year study when we have just received the MacPherson commission report and that commission could not come to a conclusion on cost figures? As I mentioned in an earlier speech, a start has just been made on the modernization of the railways' grain movement plant. That modernization is only in the embryonic stage. Elevator companies are suddenly becoming concerned about the fact that they will have to build bigger elevators, and the railway companies are concerned about their outdated handling equipment.

As recorded at page 13 of the proceedings of the standing committee on railways, canals and telegraph lines of 1964-65, the former president of the C.N.R., Donald Gordon, said:

Yet, despite the fact that there have been many radical and fundamental changes in western Canada's economy since those explosive years, the system of grain handling established before the first world war—the collection, storage and transport of the prairie grain crop—has changed very little.

He went on to day:

Many of the existing country elevators are now well below the optimum size for the best economic costs of operation and also for the most economic cost of trans-shipment by railways.....The second factor involves the economies that can be obtained through a program of elevator consolidation that would eliminate those existing elevators that are operating well below the size required to ensure lowest cost operation.

The proposed three year study will not be able to take into account the fact that the railways' equipment is outdated.

Because the Crowsnest pass rates were first established in 1898 and reaffirmed in 1925 there is a good deal of feeling across the country that they are outdated and must be increased. But as I pointed out previously, the cost of moving a cubic yard of dirt has not gone up because of automation. New, huge equipment has made the moving of earth more economic than by the old horse and slip method. Slow progress has been made in modernizing grain transport equipment, and if it were modernized possibly the rates could be lowered. But such prejudice has been generated against the rates that I believe it would be difficult to place any group of men on the board of review who had not already formed an opinion about them. How could such a group judge the rates if they have already subconsciously prejudged them?

From private conversations with members of the government I know that many of them have said, "You know very well that the rates are outdated and must be raised." I say they have formed opinions without any real study of the problem, and the general feeling is that the rates must be raised.

The Minister of Transport has guaranteed that as long as he occupies that position the rates will not be touched in any way. But that is no real guarantee. His parliamentary secretary, who may have aspirations to become minister of transport, gave plenty of evidence at three or four committee meetings of his feeling that the rates are outdated and should be raised. How do we know he will not be the next minister of transport? Someone says that is doubtful. For myself I say I hope he is not.

My sixth point is that the Crowsnest pass rates could provide a sizeable profit for the railroads if it were not for the quota system, but that has become part and parcel of the rates and should be maintained. The rates and the quota system are essential to give farmers equal rights to market their products.

Let us look briefly at the question of whether or not the railways are losing money. Before the freeze was placed on railway freight rates, which situation will continue to apply until this bill is passed, if railways wanted to

increase freight rates they had to apply to the Board of Transport Commissioners for permission. They had to prove that they were losing money, that they were not getting a proper return on their investment, and if they did that they could then apply a horizontal freight rate increase. I may have given an abbreviated description of the process, but that is what railways had to do when they wished to increase freight rates.

• (3:40 p.m.)

Let us look at the question and go back to the year 1957. The railways said they were losing money in the movement of grain. In 1958 a freeze on freight rates was imposed. In 1957 and 1958 the railways said that they were using the profits made in the movement of other goods to cover the losses sustained in the movement of grain. The freeze on freight rates has continued since that time and the railways have not been able to increase them. The movement of grain has doubled, freight rates have been frozen, but what has hapened? Railway profits have continued to rise. Even the C.N.R., which has a huge debt hanging over its head on which it has to pay interest, has been able to widen the difference between their operating costs and their total revenue. How can they come before parliament and say that this new section is necessary and that we should re-examine this aspect?

Another objection I have to this provision is that it states that the commission shall inquire into the revenues and costs. Then farther along in the subsection we see the words "and shall report such revenues and costs to the governor in council". There is no mention, as was the case in respect of Bill C-120, of what these costs are. Are these costs to be compensatory costs or the total cost which takes in all the fixed costs? There is no mention of this in the subsection.

In other words, if the commissioners saw fit to do so they could represent to the governor in council that the railways needed a marginal mark-up of another 30 per cent to cover the total of fixed and variable costs. Anyone who understands the principle of volume hauling understands that the greater the volume the less the charge for fixed costs. There is no mention of this in this section, but in the old bill there was mention of variable costs plus a $9 million expenditure toward fixed costs.

I have another point to make in respect of my request that this section be deleted. Who is going to speak? The railways will present their facts to the board of review and the board will have to judge whether or not their costs have been met and how much the subsidy should be. The board will have to decide how much it should allow for fixed costs and how much it should allow for variable costs. Who will present the other side of the argument? In any court case both sides of the argument are heard. Who is going to rise and speak for the prairie farmers? The minister might say that the pools, the provincial governments or any other interested party will. But is that enough? An interested party may not feel that it is his responsibility to spend $1½ million. This is the amount the Alberta, Manitoba and Saskatchewan governments spent in respect of the MacPherson commission.

Are we going to expect the Alberta, Manitoba and Saskatchewan governments to spend another $1½ million and again bring in from the United States experts such as Mr. Borts and Mr. Williams? These two experts have already presented a brief but I imagine they would be prepared to do a costing study again if the provincial governments wished to hire them. This government is putting the prairie provinces immediately on the defensive. That is the reason I urge the minister to reconsider the decision he made last night that this section shall remain and that we shall vote on it. I urge the minister to wipe it out. Already the minister has been successful in taking our suggestions and having them redrafted. Let us change this three-year period to ten years. Let us include in the bill a phrase to the effect that the Crowsnest pass rates will extend until 1975.

The Chairman: Order. The time allotted to the hon. member has expired.

Mr. Pickersgill: Mr. Chairman, I do not intend to speak at length because I am going to try to accept the excellent advice given me more than once by the hon. member for Winnipeg South Centre. There are, however, a couple of specific questions raised by the hon. gentleman which I really ought to answer before a vote is taken, if it is the intention that there should be a vote on this clause. The first question the hon. gentleman asked concerned what guarantee there is that the Crowsnest pass rates will continue. He said he believed that as long as I was the Minister of Transport they were quite safe. I thank him for that expression of confidence. But these rates are in the law; they cannot be changed unless a majority of members of parliament

are convinced that the law should be changed. That is the guarantee. Surely that is much better than a guarantee from me. I can also assure the hon. gentleman that my parliamentary secretary is more likely to go to the other place before I do, so I do not think he need worry about that particular problem.

In respect of the review I should like to say that the review is not of the rates. There is to be no review of the rates. If there should be a suggestion that there be a review of the rates I would vote against any such proposal. There is to be no review whatsoever of the rates; they are guaranteed in the present law and they are guaranteed in this bill. All that is to be reviewed is the cost in respect of carrying the grain. The reason this is in the bill, instead of the provision to pay the railways which was in Bill C-120, is that I am not convinced the railways should get anything. I am not convinced the railways are not making money from carrying grain. Therefore I would not put anything in this bill which in effect would ask parliament to pay them anything. All I have said is that we want to get the facts, that we should not pay them anything for three years. At the end of the three years, if the facts show that there is a loss then all this section says is that the commission should report to the governor in council and recommend that he take such action as he may see fit to take. It does not say that the loss shall be paid.

• (3:50 p.m.)

Mr. Woolliams: Would the minister permit a question?

Mr. Pickersgill: Yes.

Mr. Woolliams: In the review it would be difficult to determine the accuracy of fixed costs. You cannot ascertain properly whether grain is being carried at too low or too high a rate. Is not the weakness of the review the fact that you cannot really review anything. The railways—and I have appeared before boards—always say that fixed costs are allocated.

Mr. Pickersgill: As a matter of fact the railways will not do that; the commission will do it. The commission will be appointed by the government. There is also the implication that the governor in council would ask parliament to make good the loss. Therefore the Minister of Finance will be a party on the other side. The farmers will not have to do this because the farmers rights are guaranteed in the bill. The person who will have an interest on the other side will be the Minister of Finance, and the commission will know that. They will know, if they find there are losses, that there will be an implication that these losses should be met out of the treasury.

Any government with any sense of responsibility will see to it that every submission made by the railways to this commission is subject to the utmost scrutiny. No minister of finance likes to pay subsidies to the railways or anybody else and then have to make himself and his government unpopular by imposing taxes. This, I think, is the real basis of the thing.

The hon. member asked who would speak on the other side. I say that it will be the Minister of Finance; it will also be the Minister of Transport. He is not the agent of the railways; he is the agent of the people of Canada. It is his duty and it is the duty of the Minister of Finance to protect the treasury. No government, with so many other ways of spending the taxpayers' money, will want to pay a nickel in subsidies to the railways unless they are thoroughly justified.

This bill gives a better guaranty to the farmers if section 329 is left in than if it is left out. With this section in the bill there is no reason for anybody to agitate to change the Crowsnest rates.

The railways will know that after three years the facts will be reviewed by somebody who is impartial, and if there is in fact a loss it would seem reasonable justice that it be made up. The railways therefore will have no motive to agitate to have the rates changed. If we have no provision for such a review, if we say we do not think it is necessary to have it, I suggest that the railway companies would, and probably quite justifiably, continue agitation. The fear that because this review will take place there will be agitation—and this is my opinion—is misplaced. If we had no review I think the railways would constantly agitate to have such a review. But if they know it will be held and if they know that this law safeguards these rights, as I have said a dozen times I do not think that any government I can foresee, not even—

An hon. Member: Be careful.

Mr. Pickersgill: —an N.D.P. government, in the unlikely event that we have one, would touch the Crowsnest rates.

An hon. Member: What about the hon. member for Lapointe?

Mr. Pickersgill: I agree completely with the view that these rates are there and they are there to stay. The whole philosophy of the bill is that if in the national interest we ask the railways to perform certain functions they are entitled to perform those at a compensatory level. If we say they must do so at a level that is not compensatory, but it is still in the public interest to have it done, the railways should receive reasonable compensation for it. This does not provide compulsory compensation. They can come back to parliament—

Mr. Schreyer: Would the hon. minister permit a question?

Mr. Pickersgill: Yes.

Mr. Schreyer: Does the minister not concede that even if this section were not in the bill the commission could make a study of the economic aspects of the Crowsnest rates under clause 15, which has already been passed?

Mr. Pickersgill: It would not be the same kind of review. If the hon. gentleman looks at clause 15 and the provisions set forth there, he will see it deals primarily with research.

Mr. Horner (Acadia): This section singles out the farmer. The government is singling out the farmer.

Mr. Pickersgill: Perhaps I should say a word about that. It does single out the farmers. It says that the wheat farmer alone, or almost alone, of all the shippers in Canada shall have a fixed rate. In practically all other instances, though there are a few which have been temporarily frozen for one or two years, the railways may change rates so long as they have them high enough to be compensatory and below a certain maximum established to protect the public. We are saying that the grain farmers—and this includes more than wheat because all grains are specified here—alone are guaranteed a fixed rate that will not be changed. In that sense they are singled out.

Mr. Woolliams: Would the minister permit another question?

Mr. Pickersgill: Perhaps when I have finished. We are saying that if it is proven that because of that fixed rate there is a loss it will be competent to ask parliament to make up that loss. It is not as though we are leaving it up to the railways; the railways would have to earn the loss or make it good somewhere else. The view that Mr. MacPherson took, and I share it with him, is that other freight shippers should not be expected to bear the losses in carrying freight for just some shippers. We say that if there are losses—there probably will not be—and if parliament says, you must carry these goods at that rate even though there is a loss, those losses should be borne by the community and not by some other group of shippers. That is the whole purpose of this part and it seems to me that it represents essential justice.

Mr. Nasserden: Would the minister tell us whether he made a deal with the railways?

Mr. Pickersgill: I do not know how many times I need to say that I made no deal with the railways or anybody else. I made a statement to parliament that we intended to introduce legislation to enable the railways to compete, to allow them to charge freight rates within a certain maximum and minimum. They would set their rates as other businesses do. That was not a deal. That was a statement of public policy.

Mr. Nasserden: Would the minister tell us why he put this section in the bill?

Mr. Pickersgill: Yes. I shall be glad to say so again. I put it in the bill because in the previous bill and in the bill drawn up by the previous government it was proposed to pay to the railways certain sums set out in the MacPherson report for the losses on the Crowsnest rates. An expensive royal commission, with one dissenter, said there were losses. The previous government drew up a bill which was never introduced. The hon. member for Winnipeg South Centre was correct when he said that since it was never introduced I have no right to presume it would have been introduced. I accept that. But the hon. member for Qu'Appelle and the former prime minister told us they had a bill ready to be introduced. That bill contained a provision that the railway would be paid for losses on the Crowsnest rates. I introduced a similar bill in 1964 and I am glad it did not pass. It would have been a great mistake to put in that provision. I do not think losses have been proven and that is why I changed it. That is why I took out the part dealing with payment to the railways and changed it to provide for an inquiry and review by an independent commission. That is why it is there. It is there for no other reason.

• (4:00 p.m.)

Mr. Nasserden: Mr. Chairman, the minister indicated that he thought there had been a change of circumstances in the intervening

period. If he really believes that, why put this section in the bill?

Mr. Pickersgill: Because it seemed to me just simple justice to do that. It seemed to me that if a royal commission says there are losses and you refuse to accept their verdict while basing most of your legislation on their report, it is not unreasonable to say that instead of my believing something or someone else believing something we should find out the ascertainable facts. It would be quite wrong to accept the railways view of this matter; I quite agree with that. But I do not think the railways should be excluded from presenting their case any more than anyone else.

Mr. Woolliams: Let us vote on it.

Mr. Pickersgill: Mr. Chairman, I think we will not by further discussion change each other's views very much, and perhaps we should now settle the question since it has been put before us by the hon. member for Winnipeg South Centre and other hon. members and eloquently supported. Let us have a vote.

Some hon. Members: Hear, hear.

Mr. Douglas: Mr. Chairman, the Minister of Transport said, I hope facetiously, that if there was a New Democratic Party government even they would not dare change the Crowsnest pass rates.

Mr. Pickersgill: I do not think I said they would not dare; I said I did not think they would.

Mr. Douglas: Well, the minister says he does not think we would change those rates. I should like to point out to him that of course the New Democratic Party, and the C.C.F. before it, have been among the staunchest supporters of maintaining the Crowsnest pass rates because we have always believed that the shippers of grain, selling as they do in the world market and buying in a closed, protected market, are entitled to whatever assistance the Canadian people can give them to ship their goods to world markets at reasonable prices. We also believe that the railways, by virtue of the tremendous assistance given to them by way of tax exemptions, land grants and financial subsidies, can quite well afford to accept these rates as being fair and equitable for shipping grain.

This question has been the subject of discussion for decades. It was discussed before the Duff commission, the Turgeon commission and the MacPherson commission. Naturally the farmers of western Canada are very sensitive about anything which might affect the Crowsnest pass agreement.

I must say that this section does not in any way endanger the Crowsnest pass rates agreement, but I am not convinced by the minister's argument as to why he has placed section 329 in the bill. I do not understand why he has provided for an inquiry by the commission within three years, to look into the question of whether the railways are losing money because of the Crowsnest pass rates, and has required them to report to the governor general in council whether some compensation should be paid to the railways. I do not know why parliament should be asked to do this. If at any time the government made a study and decided that compensation was warranted, it could always bring this matter to parliament. Also, the commission itself may make a study any time it chooses or the railways I presume, could make application for a hearing in order to present a case for some type of compensation. But why this parliament should be asked to instruct the commission to carry on a study, the purpose of which is to compensate the railways if it can be proven that they are suffering loss as a result of these grain rates, really escapes me. All it can do is arouse the fears of the prairie farmers.

There are two points I wish to make to the minister. The first is that while this inquiry will not have to do with rates, nevertheless the farm organizations of the prairie provinces will naturally be concerned about the decision reached by the commission on this question. The railways will, of course, ask for the right to appear. They have probably the best experts on transportation and cost accountants in Canada. Who is going to present the other side of the case? To some extent the commission is the referee and acts for both sides.

I can tell the minister from experience in hiring people to appear before the Turgeon commission, and later the MacPherson commission, that the governments of the prairie provinces actually had to go outside of Canada to get top-flight cost accountants and economists in this field, because all the experts are either hired by the railroads or hold a brief for the railroads. It is a very expensive proposition. Who is going to present the case for the thesis which the minister has already expressed and with which I agree, namely, that the railroad are not losing money on the Crowsnest pass agreement? Who will do the

cost accounting, who will do the analyses, which will be tremendous, in order to present that case?

The minister says that the government has a stake in this matter and will be very anxious, of course, not to have a recommendation calling for a subsidy because it will have to ask parliament to approve that recommendation. This is only partly true. The long-term result of parliament being asked year after year to pay substantial subsidies to the railways in order to compensate them for carrying grain for export at statutory rates will be public pressure for a change in those rates.

Mr. Horner (Acadia): That is exactly the point we raised.

Mr. Woolliams: That pits the farmers against the rest of the people of Canada.

Mr. Douglas: This will not only be a matter of the government asking parliament to vote money; it will be a matter of asking the taxpayers of Canada to fork over money for what will be interpreted in the public mind as a subsidy to the wheat growers of western Canada. This will be the beginning of tremendous pressure upon whatever government is in office to alter the rates so the taxpayers will not be required to make what may be a very large financial contribution to the railways.

This is what is worrying the farmers of western Canada. This is what will worry the governments of the prairie provinces. This is why someone would have to appear before the national transportation commission and do their best to prove that the railways do not require compensation and are in fact adequately paid under the statutory rates. But who is going to do this? As has already been said, the governments of the prairie provinces spent $1½ million preparing and presenting their case to the MacPherson commission over the period of time that commission was sitting. I know that very large sums of money were spent in respect of the Turgeon commission hearings. Second, I do not think that either the provincial governments or the prairie pools should be required to carry this burden.

• (4:10 p.m.)

I have been sitting here trying to give the minister every possible chance to convince me that there is some merit in keeping this section in the act. I have already conceded that it does not jeopardize the Crowsnest pass rates. Therefore I am completely at a loss to understand why parliament should order the commission within three years to make an inquiry into whether or not the railways are losing money and, if they are, to recommend to the government what payments should be made to them. If the government wants to accept its own responsibility for having an investigation and if, as a result of that investigation, it wishes to recommend to parliament that compensation be paid to the railways, that is their business, but I see no reason why the government should ask parliament to require the commission to make this study and this report which would enable it to say later that it was parliament which ordered the investigation and made it necessary for the government to require financial votes by the House of Commons in order to compensate the railways.

If the government wants to follow the course of action outlined by the minister it should do so on its own responsibility. It should not ask parliament to set out a course of action which it is not parliament's responsibility to lay down. That is the responsibility of the government.

Mr. Lewis: Mr. Chairman, I do not want to prolong the debate but I want to add one or two words to what my leader has just said. In answer to a question by the hon. member for Springfield the minister said that clause 15 does not give the commission authority to make an inquiry.

Mr. Pickersgill: I think the hon. member could not have heard me correctly. I said it did not give the commission authority to make the kind of inquiry that is envisaged in this section.

Mr. Lewis: I just wish to say that the section which is before us is composed of two parts; one is the inquiry and the other is the recommendation for payment. So far as the inquiry is concerned I respectfully suggest that if it should ever be considered necessary the power to set it up is already contained under clause 15(1) of the bill, paragraphs (a) and (e) which read as follows:

> (a) inquire into and report to the minister upon measures to assist in a sound economic development of the various modes of transport over which parliament has jurisdiction;
>
> (e) inquire into and report to the minister upon possible financial measures required for direct assistance to any mode of transport and the method of administration of any measures that may be approved;

It is also contained under other subclauses of clause 15. I suggest that the real reason why section 329 is in the bill is in order to

have a provision in the bill carrying the implication which the minister admitted it carried, namely, that eventually there will be a charge on the treasury for any losses that may be proven.

Mr. Pickersgill: That is correct.

Mr. Lewis: It is that implication to which I object, even though I do not represent a western constituency. I do not know whether there have been any losses but I submit that even if the railways could prove losses it does not necessarily follow that they would be entitled to compensation. The statutory rates are there.

The other day the minister spoke about the sanctity of the contract when I said that the C.P.R. should be made to pay its municipal taxes. May I remind the minister that the same contract and the same total picture exist today wherein the Crowsnest pass rates were granted at the time of the building of the C.P.R.

Mr. Pickersgill: It was not the same contract.

Mr. Lewis: No, but it is part of the story that in return for financial grants and other concessions made by the people of Canada grain was to be carried at the statutory rate which was established in 1897 or 1898. The reason I object to section 329, in addition to the other arguments which have already been put forward, is that if the railways were to prove, by the kind of calculations I have known the railways to use in such cases, not before transport boards but before boards of conciliation and arbitration, that they suffered losses it would not necessarily follow that they would be entitled to any compensation.

Everybody is anxious to have the vote, and so am I. However, let me emphasize that under the bill the commission has the power to institute an inquiry if it wishes to do so, but I object to writing into the act an implication that we would pay the railways any additional subsidies.

Some hon. Members: Question.

The Deputy Chairman: Is the committee ready for the question?

Amendment (Mr. Churchill) agreed to: Yeas, 59; nays, 58.

The Deputy Chairman: I declare the amendment carried.

Mr. Pickersgill: Mr. Chairman, before we proceed any further I will have to ask that clause 50 of the bill be stood because certain implications are contained in the amendment which hon. gentlemen opposite might not wish to see in the clause. I am afraid that, without further amendments to the bill, the Crowsnest pass rates would no longer be fully guaranteed, as I pointed out last night, although no one seemed to pay much attention to me when I did. The definition of grain is contained in new section 329 and hon. gentlemen have removed it by the amendment which they brought in. I do not imagine that this was their intention in moving this amendment. Perhaps we could allow clause 50 to stand and go on to some other clause. Then I could give consideration to what the effect of the amendment would be and perhaps have something drafted that would ensure that hon. gentlemen opposite, by their votes, have not destroyed the Crowsnest rates.

• (4:20 p.m.)

The Deputy Chairman: Is it agreed that clause 50 shall stand?

Some hon. Members: Agreed.

Mr. Forrestall: I am sorry, Mr. Chairman, but while we are still on clause 50 I wanted to ask the minister whether or not we could deal with the proposed section 329A which is not affected by the amendment. Will the minister agree to standing that part of clause 50 affected by the amendment and perhaps permit us to discuss the other proposed section?

Mr. Pickersgill: I think the committee did agree not to go on with clause 50 and I would prefer to stick with that decision. The committee could go on with other clauses. I really believe I am entitled to some time to give consideration to this matter in the light of the vote.

Mr. Forrestall: I am referring to proposed section 329A. I asked the minister if it would not be in order to agree to stand that part of clause 50 affected by the amendment but allow us to deal with proposed section 329A.

Mr. Pickersgill: I am sorry, I was interrupted and I did not hear the hon. gentleman's question.

Mr. Forrestall: I am wondering whether the minister would agree to stand that part of the clause affected by the amendment, and does he agree it would be all right to raise certain matters related to proposed section 329A?

Mr. Pickersgill: I do not know whether there is something wrong with the system but I cannot make out what the hon. gentleman is saying. I cannot hear him.

Mr. Forrestall: Perhaps there is something wrong with the system. All I am asking is whether or not we cannot at this time deal with certain aspects of proposed section 329A which, while it is imbedded in clause 50, is in no way affected by the amendment just passed.

Mr. Pickersgill: I had asked that clause 50 stand and the committee agreed. I think we would make more progress if we were to go on with the other clauses and come back to this one after I am able to consider the implications of the vote just taken by the committee.

Mr. Olson: Before we agree to standing clause 50, there are one or two things about it that are disturbing to me. I should like to make these comments now because the minister is going to reflect upon what has happened.

Mr. Bell (Saint John-Albert): Clause 50 has either been allowed to stand or it has not.

Mr. Pickersgill: I wonder whether the hon. gentleman would agree that the clause has been allowed to stand and we will come back to it later?

Mr. Olson: I am not too late to speak. I think it requires agreement in the committee to stand this clause.

Mr. Horner (Acadia): It was agreed.

Mr. Olson: I have tried to get the floor for some time.

The Deputy Chairman: I do not believe there was agreement to stand clause 50 because the hon. member for Halifax rose to speak and now the hon. member for Medicine Hat desires to speak before the committee has adopted the order deferring the clause.

Mr. Olson: Mr. Chairman—

Mr. Horner (Acadia): On a point of order, Mr. Chairman, there was agreement that the clause stand. The minister stood up and asked for agreement and agreement was given.

The Deputy Chairman: There was no agreement because the hon. member for Halifax made certain observations on clause 50.

Mr. Forrestall: On a point of order, Mr. Chairman, it was not my intention to speak but simply to ask the minister a question.

[Mr. Forrestall.]

Mr. Sherman: When the hon. member for Halifax asked his question the minister replied that the clause had been stood.

The Deputy Chairman: With reference to the remarks of the hon. members, I do not believe the clause was allowed to stand. Having listened to the hon. member for Halifax, I think we should listen to the hon. member for Medicine Hat.

Mr. Olson: I do not want to make it difficult for you, Mr. Chairman, and I am in favour of allowing the clause to stand after I have asked the minister a couple of questions.

Mr. Bell (Saint John-Albert): It will be wide open then if we go on with it. There are no special rules.

Mr. Olson: The hon. member for Saint John-Albert—

Mr. Sherman: If the clause has not been stood, then the hon. member for Halifax should have the floor.

The Deputy Chairman: If the hon. member for Halifax wishes to speak after the hon. member for Medicine Hat he will be able to do so.

Mr. Olson: As I was about to say, because of what has recently happened there are a couple of things that are disturbing with respect to what is going to happen to this bill. I refer the minister to the amendment that was made and to the fact that proposed section 329A deals with flour moving for export through eastern ports. It appears to me that this movement is dependent upon a part of proposed section 329. When one looks at the meaning of grain and grain products it appears that the definition of grain is carried over into clause 329A. Of course there is a definition of flour; it means flour milled from grain.

I wanted to ask the minister, since he is going to review what has taken place and substitute something for proposed section 329, to give consideration to how much relationship there is between proposed section 329A and all these subsequent proposed sections, and the deleted section 329. I can see that it is going to be a difficult task to tidy up all the legal wording in this part of the bill so that there will be some protection for the Crowsnest rates. Unless something is substituted for one portion of the deleted section 329, there is going to be difficulty. As I said, I am concerned about what can be done to

make the language do what we all want it to do, provide a definition of flour, a definition of grain and maintain the protection under the Crowsnest rates.

The Deputy Chairman: Is it unanimously agreed that clause 50 be allowed to stand?

Some hon. Members: Agreed.

Clause stands.

Clause 51 agreed to.

On clause 52—

• (4:30 p.m.)

Mr. Pickersgill: I should like to get one of my colleagues to propose an amendment to clause 52. This amendment is made because of representations that were received at the time the standing committee was meeting and further representations that have been made since, particularly from the mining association and some other interests. Representations were made that ten days was an unreasonably short time to allow for consideration before the new rates came into force. I came to the conclusion that this argument was sound and that it would not impose any great hardship on the railways or seriously interfere with their competitive position if it was changed from 10 days to 30 days. In conformity with this view I would hope that my colleague the Postmaster General would be good enough to move the following amendment. I leave out all the verbiage; the relevant words are "least thirty days before its effective date", which I would ask to have substituted on line 7 of page 45 for the ten days, as now appears.

Mr. Côté (Longueuil): I so move.

The Deputy Chairman: It has been moved by the Postmaster General:

That Bill C-231, an act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions, be amended by striking out line 7 on page 45 thereof and substituting therefor the following:

"least thirty days before its effective date".

Mr. Ormiston: Mr. Chairman, I am very glad that the minister has seen fit to have this amendment moved. I think it is pretty obvious that the ten day period is far too short under almost any circumstances. I know that representations have been made by various organizations in this connection, and I am particularly concerned about the mining industry, especially the potash mining industry in Saskatchewan.

The minister appreciates the fact that 90 per cent of the products of this company is shipped overseas and that sometimes long-term contracts are entered into. Contracts for two to five years are not unusual. If tariffs change and only ten days' notice is provided, surely this is insufficient. The minister will also appreciate that in these situations even 30 days might not be long enough. Negotiations have to be entered into with Canadian shippers and 30 days might not be a sufficient period to make the required adjustments.

I appreciate that this amendment is an improvement on the ten days now in the bill, but let me point out that in addition to the potash industry the pulp industry of Saskatchewan is also affected. Both industries are sending their products overseas and the market is very sensitive to fluctuations. When prices change the companies are placed in a very tight position vis-à-vis competitors. To have to find alternative means of transportation in the cases I have mentioned is impossible. These companies should be given even more than 30 days to adjust their prices or find alternative means of shipment.

I would certainly appreciate it if the minister would give this matter some consideration. The potash industry in Saskatchewan is only in its infancy and can make a great impact on the economy. The pulp industry of Saskatchewan is in its inceptive stages and the contracts entered into by the company were for a given price over a given period at specified rates. Certainly it would seem only fair, if there is to be any adjustment in rates with a consequent adjustment in over-all price, that sufficient time should be given these companies to negotiate a fair rate so that the price to the customer will yield that profit to the producer which was anticipated when the contract was made.

I cannot say very much more about this topic. It is up to the minister to give it consideration in whatever manner he sees fit. He has been very co-operative in the past and I hope that he will see fit to extend the 30 day period to 90 days so that the companies concerned will be given every opportunity to make the necessary adjustments.

Mr. Bell (Saint John-Albert): Mr. Chairman, may I ask the minister whether the period of 30 days was in the original act?

Mr. Pickersgill: Of course, Mr. Chairman, the position is not quite the same. The whole situation has changed. There was a 30-day provision in the old act with respect to certain rates.

Mr. Bell (Saint John-Albert): I do not have complete information but it strikes me that under this clause Canadian shippers are the ones who are being asked to bear the main brunt and will have to make the most serious adjustments. I am wondering whether even 30 days is enough.

Mr. Pickersgill: This would not, of course, have any relation to the maximum rate formula because an application could be made to apply the maximum rate formula at any time.

Mr. Bell (Saint John-Albert): Mr. Chairman, my argument is this. A great deal has been made by the government about there being free negotiations on the part of Canadian shippers and the railways. I for one at first glance like this argument, but in view of the fact that the minister has been making quite a lot of this point about free negotiation and discussion and preserving the free enterprise nature of things, I for the life of me cannot understand why there is no agreement to give these people a longer period to adjust.

It could be that 30 days will satisfy the large bulk shippers who evidently are going to be affected by this clause. However, it is the same old case of the minister using an argument to support a particular amendment and reversing himself when another amendment comes along. In other words, if the principle that there should be free discussion and negotiation about these particular rates for the large bulk shippers is right, similarly there should be considerable time allowed for negotiation and ample opportunity given to adjust to these various tariff increases.

Mr. Pickersgill: This question would not relate to any discussions. The railways would be able to carry on any discussions with any shipper at any time. This is the rate that the railways set. The rates are set and we provide that they cannot come into effect for 30 days in order to give shippers adequate recourse under clause 16. That is really what the effect of it will be.

It was represented to me that the 10-day period prescribed was too short. After giving the matter careful consideration I came to the conclusion that it would not be unreasonable, and would not really seriously impair the competitive position of the railways, if this change was made, though I do not think the railways are going to like this one bit. This seemed to be a reasonable proposition, which is why I have brought the amendment forward.

[Mr. Pickersgill.]

Mr. Bell (Saint John-Albert): I point out that I do not think the minister deserves a great deal of credit because this provision is the same as the original one. The minister has made no change from the original act which prescribed 30 days. The minister tried to reduce it to 10 days and got caught in the act so he is now going back to 30 days.

• (4:40 p.m.)

Mr. Olson: Mr. Chairman, I am not sure I understand this very clearly. Let me say at the outset, however, that increasing the period from 10 days to 30 days is certainly an improvement. It will give shippers sufficient time to comprehend that they will be faced by an increase in the rate. The minister told us that a shipper could appeal to the commission under clause 16. I want to ask him this question. Will the commission have power to suspend or freeze a rate in cases where an application is made by a shipper under clause 16? Commonsense tells us it would not be possible for a shipper to present himself before the commission for a hearing within the 30 days and for the commission to consider all the circumstances involved. It seems to me that more time will be needed and that within the 30 days the shipper might be required only to inform the commission. Would the commission have authority to prevent an increase in rates until the shipper had been heard?

Mr. Pickersgill: It would have the authority to do so but it is not directed to do so. It could do so if it thought fit.

Amendment agreed to.

Clause as amended agreed to.

On clause 53—

Mr. Pickersgill: Once more I have an amendment to offer. There were representations made, at the time the standing committee was holding its hearings, with respect to certain lumber rates. The lumber rates are extremely complicated and I did not have the opportunity to consider all the implications of the suggestions made at that time.

The amendment relates to the freezing of certain rates in the select territory—the Atlantic provinces and the Gaspé Peninsula. There are two kinds of lumber rates, it appears. There are competitive rates which have a relationship to rates in northern Ontario and there are certain non-competitive rates. It is not my intention to recommend that something which was not frozen under the old law should suddenly be frozen now, and I do not

believe any hon. member would expect me to do so. But these non-competitive rates appear to have been overlooked in the drafting and the amendment I now offer would have the effect of freezing the non-competitive rates on lumber.

There will be no effect at all on the relationship with northern Ontario rates, something I would be loath to disturb because they are based on a competitive situation, and one does not want to be unjust to either region. This amendment would strike out line 44 on page 46 and and substitute the following:

Rates for lumber.

(3) A commodity rate (other than a competitive rate) that was in effect on the 12th day of December, 1966, for a movement of lumber between points in Canada one of which is, or both of which are, within the "select territory" as defined by sections 2, 7 and 12 of the Maritime Freight Rates Act, shall be the rate in effect therefor after the coming into force of this section and shall continue to be the rate therefor notwithstanding anything in this act or any other act.

(4) Subsections (1) to (3) shall be in—

This amendment does precisely what I said should be done and I will ask my colleague, the Postmaster General, to move it.

Mr. Côté (Longueuil): I so move.

Mr. Bell (Saint John-Albert): Things are moving quickly and I must admit I cannot keep up. I take it that the two-year freeze the minister mentioned is part of the two-year freeze connected with particular groups of rates which we shall be considering when we come to a later clause. The minister wishes to make an exception, if I understood him correctly, because of competition in northern Ontario. If my impression is correct, this does not bother me. But what are the reasons for the additional amendment?

Mr. Schreyer: Does this amendment apply only to the area covered by the Maritime Freight Rates Act? I take it the amendment has nothing to do with any other area in the country?

Mr. Pickersgill: That is correct. As the hon. gentleman knows, these rates were frozen for two years because the MacPherson commission lacked time to deal with certain problems in the Atlantic area, particularly with regard to the Maritime Freight Rates Act. Subsequently, with the agreement of the governments of the four Atlantic provinces the federal government instituted a study of transport in the area, and we expect to receive a report soon. It was felt that when the report of that study was complete there might be a need for substantial legislation to deal with this problem and that in the meantime it was only fair and reasonable to maintain the freeze on those rates which have previously been frozen in the select territory.

Amendment agreed to.

• (4:50 p.m.)

Mr. Bell (Saint John-Albert): Mr. Chairman, I take it that the minister wishes to continue examination of the new sections contained in this clause in sequence. Many hon. members on this side have made a particular study of this clause and wish to speak on it. Would it not be advisable to stand the clause for the present? We were prepared to speak this afternoon on the port parity matter.

Mr. Pickersgill: I think I have been very considerate of hon. gentlemen opposite at all stages. It is not unreasonable to proceed consecutively with these new sections, unless problems arise with respect to amendments such as the one that arose with respect to clause 50 on which, obviously, I shall have to seek some advice before being able to proceed. If a situation of that sort should arise with respect to clause 53 I would be in the hands of the committee. But since many of the subsequent clauses depend upon these new sections, these new sections were put in a certain order and I would appreciate very much if we could deal with them consecutively.

Mr. Olson: On a point of order, Mr. Chairman, are we going to deal with new sections 334, 335 and 336 in sequence or will the debate range back and forth among them?

Mr. Pickersgill: I would be quite agreeable to meet the general consensus of the committee. I would be agreeable if it were thought more orderly to take each new section, 334, 335, 336 and 337, in sequence as long as it was understood that after we had completed discussion of one we would not go back to it. There is a marked difference in the subject matters of the first three, and new section 337 is just a dependent section.

The Deputy Chairman: Is there unanimous consent to proceed along the line suggested by the minister, namely, to consider each new section consecutively?

Some hon. Members: Agreed.

Mr. Forrestall: I would agree with that if the minister would include another provision, that in the event of subsequent amendments

having a bearing on a section which had been discussed we could revert to the previous section.

Mr. Pickersgill: I cannot foresee anything of that sort arising but if an amendment were adopted by the committee that made nonsense of a previous portion of a clause that had been discussed, the minister would have to ask the indulgence of the committee to go back to remove the nonsense.

The Deputy Chairman: Does that complete consideration of new section 334?

Some hon. Members: Agreed.

The Deputy Chairman: The committee will now consider new section 335.

Mr. MacEwan: Mr. Chairman, I do not propose to move an amendment to this new section. I am sure the minister will be glad to hear that, but I do want to reiterate some remarks I made on second reading. The Maritime Freight Rates Act is of assistance to the maritimes but, as I stated previously, because of trucking competition and other factors that assistance has been somewhat reduced. New section 335 calls for a two-year freeze on various rates in the maritimes, but what happens after that period of time?

The minister has stated that as long as he is Minister of Transport no action will be taken which will discriminate against the maritimes. That is all well and good but, as I suggested earlier, I would like to see something written into the bill to guarantee that no action would be taken after the specified two-year period which would discriminate against the maritime area.

As has been pointed out by the maritime transportation commission and members of this house, if the Maritime Freight Rates Act is to continue in force it will have to be amended in order to assist our area. I would like to see a provision in the bill stating that after the two-year study is completed no action can be taken by the government of the day until it has referred the matter to parliament. This subject was well covered in an editorial in the Saint John *Telegraph-Journal* of August 31 last year in these words:

> A national transport regulatory agency can be a good thing—if it doesn't set up a stifling red-tape bureaucracy .... A national transportation policy based solely on "compensatory" freight rates (i.e., keeping only profitable lines operating) could do immense harm to the maritimes. So far, Ottawa seems to be keeping this in mind. It will be up to the Atlantic provinces to be sure their interests are protected as parliament legislates in this crucial field.

[Mr. Forrestall.]

I should also like to quote a report which appeared in the Halifax *Chronicle Herald* of December 6 last year of an address by J. W. E. Mingo, chairman of the Halifax port commission, to an Atlantic ports day conference. Mr. Mingo suggested the establishment of a regional transportation board to protect ports and industries in the Atlantic provinces from the "sinister implications" of pending federal railway legislation. The report continued:

> Mr. Mingo said there were approximately 24 months left before the new legislation would affect the maritimes. He counselled his audience to "use this time wisely" in an effort to ensure that the final bill will contain statutory guarantees to protect "the captive shipper" from crippling freight rates.

He went on to point out, as I have already stated, that rates are governed at present by the Maritime Freight Rates Act and said that the assistance provided by it is designed to place eastern manufacturers and shippers on a price parity basis with their central Canadian competitors. He expressed the fear that the new law would allow the railways to ignore regional economic problems and set rates solely on the basis of costs and profits, as set out in new section 334 and in the bill generally. The Atlantic Development Board has been of great assistance to the maritime provinces but if the benefits which flow from it are nullified by freight rate increases the effect on the area will be tragic.

The subject of port parity will come up for discussion later and at this stage I simply wish to repeat that there should be provision in the bill stating that the maritimes will not be prejudiced after the two-year study is completed. I agree with the minister that we shall have to await the results of that study, and I agree with his amendment to new section 335 and the including of coal and coke within the commodities covered by the two-year freeze. As I said at the outset, I am moving no amendment but I do impress upon the minister the necessity for something to be written into the bill to provide that there will be no discrimination against the maritimes. I impress upon the minister the fact that there is a need for something to be written into the bill. Otherwise, in a few years we may look back and wish that we had included something in black and white rather than relying on something that is in the air, so to speak.

• (5:00 p.m.)

Mr. Bell (Saint John-Albert): Mr. Chairman, I think I now have my thoughts straightened out. I should like to express some

views in respect of the two year freeze. At the beginning of the debate on the bill I recorded my thoughts in respect of clause 1 which deals with the objectives. I said I believed there should be a greater recognition of the statutory authority which exists to deal with transportation problems. In this regard some amendments were made by the minister which were not exactly of the type put forward by the Maritime Transportation Commission. It was, however, a step in the right direction and I felt that those in the maritimes who are concerned about such matters would be much happier.

At the same time, with regard to the two-year freeze I said that I belonged to the one group which felt that it might be better to allow these frozen rates to expire and thereby place the government of the day in the position of being forced to deal with the transportation study and recommendations. I still feel the same way, but there are some members of our group who believe it would be safer not to take a chance on that. They are prepared to include an amendment which in effect would continue the freeze longer than the two-year period. In other words, while I feel the expiry of the two-year freeze would put the government under greater pressure, others are of the opinion that it would be better not to take a chance on the vicissitudes of politics. They feel they should not take a chance on the government of the day acting. They would sooner have half a loaf. I suppose there is the same difficulty in this connection as there was in respect of the amendment we have just dealt with concerning the review of the Crowsnest pass rates, which was successfully resolved in favour of no review.

In connection with this subject I think it is worth while to place on the record some of the discussion which took place during the sessions of the standing committee on transport and communications with regard to these clauses. On Thursday, November 10, the executive manager of the Maritime Transportation Commission was on the witness stand. At that time the deputy minister of transport explained that the maritime freight rates themselves are statutory, and will continue until such time as they are revoked by the parliament of Canada, but that the two-year freeze would of course die a natural death at the end of that period. There would be a considerable period between the end of the freeze and the time when the transportation study would be produced and action taken.

The hon. member for Digby-Annapolis-Kings asked a question in this regard which I think has some significance here. He was dissatisfied with or could not understand the minister's statement. He asked Mr. Dickson to explain it. Mr. Dickson said:

> If I may try to explain, I think Mr. Nowlan's concern is that if you repeal any part of the Maritime Freight Rates Act you disrupt the competitive relationship of the maritime shippers with other shippers of Canada. It has been disrupted now, and no part of the act has ever been repealed. If no action were taken to improve the Maritime Freight Rates Act to make it more effective then, under the bill, our situation would just get worse and worse, at a steadily increasing pace. I think this is where the difference of understanding is.

This explains in better language than I can muster at the moment the fears that some persons have about the deterioration of the Maritime Freight Rates Act which is setting in. I am not particularly blaming the government at the moment but it is unfortunate that this study could not have been instituted some time ago so that the recommendations which would have resulted from that study could have been included in this legislation. If I may use the expression, we are really being asked to buy a pig in a poke. We are taking something sight unseen. We do not know the implications of what may come forward at a later time.

It may be that some benefit will accrue to the maritimes from this legislation but I for one have serious doubts. I believe freight rates are going to go up. It was implied even by the witnesses from the railways that freight rates are going to go up as a result of this measure. We know that freight rates are going to go up in the east and the west. While there is some protection in respect of certain rates under the provision we are now discussing, there will be a worsening of the situation for those who have anything to ship from the maritimes. There are not many people today who are in a competitive position in respect of shipping goods from the maritimes even to Canadian markets.

I think we should be very wary of some of the implications, even sinister, in this bill in respect of the position of those in the maritimes. Through the years I have tried to follow and sort out the competitive problems our manufacturers in the maritimes have had. I am certainly of the opinion that this bill will not assist us to any great degree. Having expressed these fears, I think others may have something more to say about the freeze.

Transportation

• (5:10 p.m.)

Mr. Forrestall: Mr. Chairman, further to the remarks made by the hon. member for Saint John-Albert, I should like to emphasize the fears he has expressed and say that I should like to see something in the bill which at least would preserve our position in the maritimes so that we will not find ourselves worse off after the special study under the Maritime Freight Rates Act has been concluded. I hope the minister can accommodate in this section the formal amendment that will be spelled out in detail. Its purpose is to ensure that the maritimes do not lose anything. As the minister said when speaking about the Crowsnest rates, no minister of the crown will take from the west or the maritimes the traditional positions they enjoy. As has already been stated, though we support the principle that the railways ought to be able to derive adequate revenues to make their operations compensatory, and while such a state of affairs presents a desirable and possibly achieveable goal, we must not lose sight of the overriding principle set forth in the proposition that the national transportation system must be used as a meaningful instrument for national development and the development of regions.

The intent of the amendment we wish to move since there is nothing in the general provisions of the freeze to ensure that we shall be better or worse off once the freeze period ends, is to include in the act in specific wording the assurance that after the freeze ends the maritimes will not find themselves at a competitive disadvantage with the rest of Canada. I know how fond the minister is of the maritimes, and I hope he embraces this principle. As we come to subsequent amendments we shall deal in depth with the principle I have enunciated and show how it will have practical application under the legislation once it is passed. I urge the minister, because of the peculiar position of the maritimes in the economy of Canada and in Confederation, to recognize by accepting the amendment the proposition that the people of the maritimes ought not to be left worse off once the freeze period ends.

Mr. Nowlan: I have not participated in the debate because so far our members on this side of the house have talked about matters that concern the west. Now that we are on clause 53 and wish to amend new section 335 we have reached a part of the bill that interests the east. The ending of the freeze as set out in subsection 3 of new section 335 has caused real concern in the east for two reasons. The first of these is unavoidable; it is because this is a new bill. Regardless of the assurances of the minister and everything he has said in the house, the real intent of the bill, the real interpretation to be given to it, will not be evident until decisions are made on different points as they arise. This bill will have to be interpreted in regard to those points on which debate has taken place in the past few days. There must be judicial interpretations with regard to any legislation as fundamental as this which seeks to revolutionalize a basic industry. There must be judicial interpretations to determine exactly what the position is.

Section 335, so far as it concerns a freeze, causes real concern because in the Atlantic provinces there are the beginnings of industrial development. It is embryonic compared with the massive development in other parts of Canada, and it has problems of geography and resources that industries in other areas of Canada blessed with more financial bounty do not have.

One of the most inportant areas of cost in any industry has to do with transportation, and we do not want to be smothered suddenly by transportation costs. We do not want a blanket suddenly put over the transportation cost item, so to speak. Anyone thinking of developing or expanding an industry in the east does not know in which direction he should head, and so far as costs are concerned there is a great deal of uncertainty. Those industries just starting and those which have been there for a long time and are expanding do not know what effect the transportation study will have. Instead of the problem being clarified now we have to wait for two years. At the end of that time our businessmen will still not know where they stand.

Mr. Pickersgill: I think the hon. gentleman is misinterpreting what the law is with respect to freeze rates being in effect for two years. That does not mean that there need be any delay or that one would inevitably occur. There is no reason, if the study is received in March, why the government should not propose legislative action by October of this year, and certainly by 1968. It would depend on how long it took to prepare the legislation.

Mr. Nowlan: The minister in his official position knows more about the problem than I do but I am concerned about this section.

Making my remarks as brief as possible I ask the minister if he will not consider an amendment to subsection 3 so that the historic position created by the Maritime Freight Rates Act will not be adversely affected regardless of the study. Frankly, at the moment I plan to move an amendment. The amendment I should like the minister to consider would delete subsection 3 of section 335 and substitute therefor the following words:

Subsection (1) shall be in force during the two years after the coming into force of subsection (1) and shall continue in force after the said two years unless, and until, the Maritime Freight Rates Act is amended to retain the historic intent and purpose of providing Atlantic provinces industry access to the markets of Canada without the handicap of distance.

Perhaps the minister can point out many errors in the wording of the amendment, but I should like him to consider it. Frankly, I cannot understand, unless I hear some elucidation from the minister, what harm this amendment will do. It will create some stability and put into the legislation the historic intent of the Maritime Freight Rates Act. I shall not make a longer speech and repeat what other hon. members have said.

Mr. Pickersgill: I wonder whether the hon. gentleman would mind letting me look at his amendment and not move it until I have had a chance to discuss it.

Mr. Nowlan: That will be fine. I have only one copy; perhaps I ought to have it retyped. It would take only a moment. It is quite legible.

Mr. Pickersgill: I promise not to destroy it.

Mr. Nowlan: It is not so great a work of art that I could not rephrase it.

Mr. Knowles: It is on the record.

Mr. Nowlan: It is on the record, as the hon. member for Winnipeg North Centre has said. I should like the minister to consider it and the remarks I have made pertaining to the Maritime Freight Rates Act. If we cannot do this in legislative fashion I should like to speak further on the matter. I know that the minister would like to make progress with the bill. He has been very patient. I think this whole debate has been a classic example of how legislation should be made and refined, even though it has perhaps taken a little longer than some hon. members feel necessary. Those are the remarks I wish to make, Mr. Chairman, subject to the qualification that the minister consider this matter and the reservation that I have the right to reply when he announces his decision. I may not use that right, depending upon what the minister says.

• (5:20 p.m.)

Mr. Pickersgill: Mr. Chairman, I think I would have agreed pretty largely with the last observation of the hon. member for Digby-Annapolis-Kings, especially the complimentary reference to myself, if he had made it about two hours ago, but I doubt that I would be willing any longer to agree that the way this legislation has proceeded is a model of how legislation should proceed. However, I think I had better allow my wounds to smart quietly and deal with the suggestion, if I may call it that, of a possible amendment that has been put forward by the hon. member for Digby-Annapolis-Kings.

In order to deal at all adequately with the subject matter of the amendment I think I should make two observations. In all the observations made so far with regard to proposed new section 335 I think there has perhaps been a confusion of two things. So far as the Maritime Freight Rates Act is concerned, this bill touches it in no way whatsoever. That act is in exactly the force and effect in which it has been since the amendments were made pursuant to the recommendations of Mr. Walter Harris in his budget in 1957.

What this clause does is carry on the freeze of the railway rates themselves, which freeze has been in force since 1959. That freeze is going to be lifted everywhere west of Lévis, but in the select territory this bill provides that it shall continue for two more years certain. Of course, parliament in its wisdom could extend that period or abridge it if it wanted to do so. If we decided to make some fundamental changes which made the freeze no longer appropraite, this could be done by a future parliament. In other words, we are saying that unless some express change is made so far as the Atlantic provinces are concerned, that is, in the select territory, there will be no change at all in the present situation as a result of this bill, with one relatively minor exception.

In other words, we are saying that because this study is going on, because it is nearly completed, and because in my view we want to stimulate the government, it is better to have this freeze for two years than to have the nagging stimulus that would prevail if the freeze were not in effect. I would be very

much afraid, considering that the freeze was put on in 1959 and is still in effect in 1967, that if we did not have any limit on it there might be a disposition to leave the problem dormant and not get on with the job.

We could have done it either way. That is precisely the reason I decided to recommend to parliament that there should be this change. The only respect in which the rates in the maritime provinces in the select territory will be changed at all is that the freeze will not apply to less than carload lots. As hon. members know, the railways are amalgamating express and less than carload lot freight. After the most anxious consideration, the standing committee decided to recommend to the house that we remove the freeze on the freight part of that system. It seemed on balance that this was the best thing to do, and I admit that it was a fine balance. Some of the rates will go up, others will go down. Express rates will go down quite markedly and they will now, of course, come under the general regulatory powers of this legislation.

I came to the conclusion, after examining the best evidence I could obtain, that on balance we would get a better rate structure, more efficiency and more zeal on the part of the railways to handle this traffic well if they were freed than would otherwise be the case. I say this out of a rather long experience of spending my summers in Newfoundland waiting, waiting and waiting for things to arrive. If we can get a real express system for less than carload lots, it will be of far more use to the Atlantic region than freezing some rates that create a disincentive on the part of the railway to move the traffic fast. There are all kinds of people today who ship by air freight to the Atlantic provinces and pay three or four times as much because that is the one way to assure speedy delivery. I am dwelling on this point, Mr. Chairman, because I would not want any hon. member to say I had deceived the committee by leaving it out.

However, this provision for a freeze is there for two years unless parliament decides to do something different. I would hope we would just leave it that way. I do not think the hon. gentleman, in any event, would really want to move this amendment, because I do not think he would want to say that this freeze should be maintained until the Maritime Freight Rates Act is amended. I believe we will have to consider very carefully whether we want to amend the Maritime Freight Rates Act at all, even after the study. I would not want to put any language into this bill that implied some kind of obligation to amend that act. That is the only operative part of the hon. gentleman's amendment. The rest of the wording expresses an intent with which certainly all of us who were elected in constituencies in the select territory heartily agree. But as the hon. gentleman, who unlike me is a learned member of the house, knows, it would have no legislative effect. It simply expresses an intent.

• (5:30 p.m.)

I feel, therefore, that in the form in which it is the hon. member's suggestion might very well lead to a misunderstanding in the Atlantic provinces, namely, that we were trying to commit parliament to amending the Maritime Freight Rates Act. We do not want any pigs in pokes, as the hon. member for Saint John-Albert said a short while ago. I do not think we want to suggest, until we know exactly how it is proposed, any amendment to the Maritime Freight Rates Act. I should not like to put any wording in the bill that implied that there was a sort of tendency to think that the Maritime Freight Rates Act should be amended. Maybe it should be but let us be quite sure before we commit ourselves. For that reason, speaking for myself, I would really rather not amend it at all. An alternative would be simply to strike out subsection (4), as it is now because of the amendment which was already accepted by the committee this afternoon with respect to lumber. I would not like to do that because I would prefer to have it retained as an incentive to the government to get on with the job and deal with the transportation problems of the region. That is the reason it is in here. On balance I would prefer to leave the two-year period knowing full well that parliament will still be in existence at the end of that period and that if we think the freeze is justified we would continue it. I would not want to see any suggestion or implication that the Maritime Freight Rates Act was going to be changed.

Mr. MacEwan: May I ask the minister a question? Did he say that the current study is just about completed?

Mr. Pickersgill: I made inquiries and was told that it was hoped it would be ready by the end of March.

Mr. Bell (Saint John-Albert): I appreciate the fact that the minister will take another look at this amendment in giving final consideration to the clauses which have been stood.

Mr. Pickersgill: I had not intended that at all. I have said what I intended to say and I hope we would dispose of it one way or another.

Mr. Bell (Saint John-Albert): It is up to the mover of the amendment. It may be that the minister's flattery will work better on the maritimers than it did on the western members. I do not know. However, I would like to mention one point which the minister referred to now and again. He said that this legislation has nothing to do with the Maritime Freight Rates Act and therefore we are supposed to sit back and forget about that legislation so far as the maritimes are concerned. I have already said it is unfortunate that we have to consider this legislation without the knowledge to be provided by the transportation study, but I would also point out that all the maritime members are united in believing that our situation must be reviewed every time new transportation legislation which affects the entire country is brought in. I say this because our competitive position with central Canada, the heartland of this country, can be affected drastically to the detriment of the maritimes.

I am sure that the minister is familiar with the traditional case, most of the details of which I have forgotten, to which objection has been voiced by the Maritime Transportation Commission and other bodies. As hon. members know, we ship a lot of potatoes from the maritimes to central Canada. They are good potatoes and we want the business. This operation was being carried out under the Maritime Freight Rates Act. I think the preference amounts to 30 per cent on shipments going outside the maritimes and 20 per cent within the maritimes. Therefore there would be a 30 per cent reduction on potatoes from the maritimes to the competitive central Canadian market. This was satisfactory until, through some method which I do not suggest was illegal, competition brought about a reduction in potato rates within Quebec and Ontario. It is possible that this was acheived through agreed charges or some other method; I do not know. The result was that the 30 per cent reduction became insignificant.

I am demonstrating by this simple, classic example that this legislation does affect the maritimes and that we have a very real responsibility to know where we are going. This is the thought which I should like to leave with the minister with regard to this section. Of course we shall have to consider the clause on port parity seriously when we reach it.

Mr. Nowlan: I certainly support some of the words of the hon. member for Saint John-Albert although I am not prepared to support all that he has said on this section. However, I find myself faced with the same problem with which he has been faced in the last few days, namely, that the minister's explanations are very beguiling. At times, as I listen to him, I am somewhat mesmerized and can understand the people of the east who, while listening to the sounds of a flute, are mesmerized by the movements of a snake in a basket. I am not suggesting there is a snake in the grass or a snake in the basket here but I can well understand the response of the reptile to the sweet music of the flute.

I think there is real concern about the Maritime Freight Rates Act among hon. members. The hon. member for Saint John-Albert pointed out the apparent holes in the minister's explanation because, unless the minister can educate me a little further, there will be an end to this legislation at the end of two years time and if no amendment is brought in to extend the Maritime Freight Rates Act the commission will have the power to set any rates it wishes and as long as there is a 30 per cent and 20 per cent preference in the select territory those rates can be moved up or down.

I was interested in the minister's statement about injecting a catalyst to stimulate further study of the Maritime Freight Rates Act because, according to my understanding of the evidence presented by Mr. Sinclair of the C.P.R. to the standing committee on transportation, and also I believe by officials of the C.N.R., they look with horror upon this two-year freeze. Mr. Sinclair went so far as to say that at the end of the two-year freeze rates will go up unless, as he said, economic measures are written into the legislation. Those rates can go up even under the Maritime Freight Rates Act. Mr. Sinclair agreed with me that the rates could go up regardless of the preferential rates within and outside the select territory.

I suggest that the matter is not as simple or transparent as the minister implied it was. Perhaps, as the minister said, he is not as fortunate as I am in being familiar with the law but he is certainly much more learned with regard to the procedures in the house and the history of this act. He has demonstrated this by his patience in the last few days.

The railways are much better organized than individual complainants in the maritimes. At the end of the two-year period the presidents of the C.N.R. and C.P.R. will certainly harass the Minister of Transport if nothing further is done and, the people of the maritimes will be subjected to hearing the members of the new commission say to them: Boys, you have been getting a real deal. The rates that are set within the select territory are really depressed compared with the horizontally increased rates which prevail in Hamilton, Toronto and other parts of Canada.

Mr. Pickersgill: The hon. member will recognize that if this bill is passed there cannot be more increases.

Mr. Nowlan: The minister is right and I will take back what I said previously. These are compensatory rates and there is no doubt that the Maritime Freight Rates Act permits certain rates. According to the officials of the railways these rates are not compensatory.

Mr. Pickersgill: If I may continue the process of education which the hon. member so flatteringly ascribed to me, may I point out to him that the rates are supposed to be compensatory but if they are reduced by 30 per cent their compensatory character will not be affected because the payment is made out of the treasury. Therefore the argument that the rates being reduced by 30 per cent will make them no longer compensatory does not make it illegal to have such rates.

Mr. Nowlan: I want to thank the minister. Perhaps this process of education can come to an end. I wish to ask the minister a few questions and depending on his answers I may be satisfied. According to my understanding of the Maritime Freight Rates Act and this legislation, once the freeze comes to an end after the two-year period the rates within the select territory can be increased.

• (5:40 p.m.)

Mr. Pickersgill: That is quite correct. The rates could go up. Once this bill is passed they can go up or down so far as that goes in other parts of Canada. This will be the régime when this bill goes through.

Mr. Nowlan: This is my point. These rates could go up without any parliament looking at the Maritime Freight Rates Act.

Mr. Pickersgill: That is also correct. The rates could move up or down.

[Mr. Nowlan.]

Mr. Nowlan: Without parliament looking at the Maritime Freight Rates Act?

Mr. Pickersgill: That is quite correct.

Mr. Nowlan: I have two affirmative answers to these questions. Without any parliament looking at the Maritime Freight Rates Act the new commission will have the power to set rates. It could move rates up within the select territory. I feel, Mr. Chairman, that the maritimes obviously does have a very real interest in this particular provision.

Mr. Pickersgill: There is one element that the hon. gentleman is perhaps leaving out and that is the whole objective and purpose of the study which is now being carried out. The people who are doing this study have been asked to advise the government upon what measures should be taken to improve the whole of transportation within the Atlantic provinces. The reason for this freeze is to keep the present situation unchanged until there is time for the government to recommend to parliament positive steps to improve the situation in the Atlantic provinces. These positive steps might conceivably involve other things. I hope they will not be limited to the Maritime Freight Rates Act. I hope they will not be limited to the Maritime Freight Rates Act. Perhaps I should not detail my hopes because I might be sticking my neck out. I think all hon. members from that part of the country know that I feel it is not just in the field of railways that we need improvement in transportation in the Atlantic region. It may well be that there are other ways in which we can do far more effectively what in 1927 the Maritime Freight Rates Act seemed the best way of doing.

It seems to me that if there is a deadline here any government that is in office is not going to want to lose its support in that region, if I may put it at its lowest terms. If nothing has happened in two years the government is not going to let this freeze lapse. If it were continued indefinitely there might be a tendency to say, well, other pieces of legislation affecting other parts of the country are more urgent, there is more pressure, so we can roll this over for another year. Quite frankly, because I honestly believe that having this deadline here will oblige a government to take dynamic action before the two years are up, I would rather see the two-year limit maintained.

Mr. Nowlan: I certainly appreciate the minister's words. If we want to carry on a debate

about all the other things that are necessary in transportation in the maritimes, the minister is familiar with the problem I have in my area of Digby in getting lobsters and other products shipped to Ottawa.

However, returning to the proposed section may I say that I feel there is not much difference between us. The minister has had a broader experience than I, but he must realize better than I that the fine words expressed in this chamber have induced the hope which has carried the maritimes to their present lofty position. However, the maritimes need to be carried further, and we need legislation. Frankly, as a maritimer I am in a somewhat exposed position. Whether the western members have more persuasive ability I do not know, but the fact of the matter is something has been done in regard to this bill in connection with the Crowsnest pass rates. When I go home and talk to our people they will say: Well, you have done a fine job; the two basic hallmarks of transportation legislation before the minister's bill came into force were the Crowsnest pass rates in the west and the Maritime Freight Rates Act in the east. The westerners have done something about their Crowsnest rates but what have you done?

Mr. Pickersgill: We really have not changed the Crowsnest rates in any way whatever. We have just preserved them in the legislation and we have preserved the Maritime Freight Rates Act. The two are on an absolute basis of equality. However, we are doing something in this bill for the Atlantic area that we are not doing for any other part of Canada, and that is continuing the freeze on rates for another two years. The hon. gentleman, therefore, can put an extra notch on his gun.

Mr. Nowlan: We certainly need all the notches we can get. I do not believe the minister and I are in that much disagreement. Admittedly I may not be using the best phraseology, but I cannot follow the minister's somewhat bland suggestion that this situation has been protected. The minister knows, as the Prime Minister has mentioned, that we tend to forget the important things because of the crisis of the moment. We know the government is pressed and pressed, and I have not forgotten that there are certain limitations on the government which make it difficult to solve some of the problems of my area. I have not forgotten either that all this takes time.

In my opinion the real catalyst for action is going to be the two railways which feel the present freeze is abhorrent. They are a much more unified force in getting to the minister than diffuse groups such as chambers of commerce and so on in the Atlantic provinces. We are not at cross-purposes. Obviously the minister wants something done and something is going to be done under the transport study envisaged in the new legislation. Perhaps the minister would agree that in that study there is certainly going to be some attention given to amending the Maritime Freight Rates Act. The only thing is that there might not be any legislative effect given to this study and that is why I should like to see the freeze continue until the government has acted.

I think I express the fears of many people when I speak in support of the freeze continuing after the two years. The government could be faced with other serious problems two years hence. Goodness knows what the major problem will be then. It is fundamental that a government is not going to consider a problem unless it is getting some pressure. The way political parties are situated these days, it is difficult for some members to press the Minister of Transport about these problems. I submit we are not going to have a real look at the Maritime Freight Rates Act under this provision, but we would have a real look at the Maritime Freight Rates Act if the presidents of the two major railways were on the minister's back.

The two railway presidents have already said publicly that they feel a two-year freeze is too long. They are responsible individuals but they are also businessmen. I feel duty bound to say that the suggested amendment is not going to harm the minister's intention. If the minister will reflect upon his experience here, he will appreciate the practical force of having two railway presidents on the minister's back after that two-year period if the government has not introduced legislation. If that is not the case, then the freeze ceases and the government goes about its business. I am afraid the minister may be lulling people into a false sense of security by saying that the Maritime Freight Rates Act is there and it has been there since 1927. The new transportation commission is going to be studying rates and making a whole new rates structure, so that the whole rate structure could go up relatively and still protect the 30 per cent and 20 per cent. To me this is a much more realistic danger and there would be less chance of government action. No government would

want to move into this hornets' nest. We should have something in the bill to continue the existing situation. We would also have two very practical forces in the form of the two railway presidents who would be on the minister's doorstep every other day when the government failed to move.

• (5:50 p.m.)

How did this legislation get before this house over the last three weeks, Mr. Chairman? It was not because there was an outcry from the people in the east, the people in the west or those in Ontario. The legislation has appeared because it was thought about for many years. In fact, the Minister of Transport made several speeches about national transportation policy.

Mr. Pickersgill: Would the hon. member like me to answer that question?

Mr. Nowlan: I was going to answer it for the minister.

Mr. Pickersgill: The hon. gentleman forgets that the reason this legislation is here is that the previous government, faced with a horizontal increase in freight rates, decided to disallow the decision of the Board of Transport Commissioners and appoint a royal commission. The government asked the royal commission to deal with this problem. It was not the railways who asked for it; all they asked for was to be allowed to raise their rates. Under the law they were denied the right to do this. The royal commission was appointed fundamentally to deal with this problem. Unfortunately the royal commission did not feel that they had the time to deal with the special regional problems of the Atlantic area.

I decided to do my best to repair that omission and over a year ago I instituted this Atlantic transportation study. Other studies have been going on on the part of the Atlantic Development Board and other bodies. The hon. gentleman knows that with respect to the Digby-Saint John ferry we are actually engaged in discussions at the present time with the Canadian Pacific Railway. Since I have been Minister of Transport there has been no neglect of this particular sector. However, we are not yet in a position, until we have more information, to take the kind of positive steps he suggests.

It seems to me that the only difference between me and the hon. member is that I think the government would be more likely to act if it knew that there would be one terrific outcry in the Atlantic provinces about the beginning of 1969 when this legislation was about to lapse, and therefore no government would dare let it lapse without taking some kind of constructive steps. On the other hand, if we continue this freeze indefinitely it will be a temptation to the government to roll it over for three or four more years.

Mr. Sherman: Would the minister permit a question? In his last reference to one terrific outcry which he suggests might be generated in the maritimes I am wondering whether he thinks this should be along the lines of the outcry raised in Manitoba in the Winnipeg area over the transfer of the Viscount overhaul base, and may I ask him whether he thinks the result might be the same?

Mr. Pickersgill: The hon. gentleman's analogy has a lot of manifest imperfections, but since it is totally irrelevant to the bill perhaps the hon. member for Digby-Annapolis-Kings and I had better get on with our debate.

Mr. Nowlan: I appreciate the minister's remarks, but I must say that the interjection by the hon. member from Winnipeg diverted a question I was going to ask the minister. Granted, Mr. Chairman, that the royal commission started this thing, but during the recent railway strike the minister's own words, and perhaps his secret hope, were that in face of the pressure created by the railway strike and another increase in costs which the railways faced this might be a good time to look at the whole question of a national transportation policy. These two situations were sort of held hand in hand.

This is where I differ with the minister. When this bill passes we will have a national transportation policy. Perhaps this was stimulated in one form by the MacPherson royal commission, but it was always a practical desire of the railways, who for the first time in Canada will now have the chance to charge compensatory rates with a certain amount of freedom. They must not be hedged in by too much legislation, though there must be some legislation in the national interest. But the stimulus of a national transportation policy will be stunted if we are still faced with problems created by the Maritimes Freight Rates Act.

The minister made reference to a review in 1969, which I suppose could even be in 1970 depending on when we pass the bill. But the

fact is that two years hence we will have to go through the whole performance again as a result of the Maritime Freight Rates Act provisions.

Mr. Pickersgill: I do not pretend we will have to go through it until two years have passed, because I do want to see some improvement in this situation. I do not think that the Maritime Freight Rates Act by itself is good enough, but I do not want to do anything in the meantime to weaken the Maritime Freight Rates Act in any way. I am afraid that the language of the hon. gentleman's amendment would cast doubt upon the permanency of that legislation.

Mr. Nowlan: I appreciate that, Mr. Chairman, and I am going to make a suggestion. The minister said that since he has been Minister of Transport, which is since 1963, negotiations have been going on with the C.P.R. regarding the Digby-Saint John ferry. I am sure that if the minister peruses his files he will see documents and correspondence indicating that in 1963, before a certain change of government took place, almost exactly the same negotiations were being conducted between the federal government and the C.P.R. as to the state of the railway ferry service between Saint John and Digby, which the minister has publicly stated has is an essential service.

I come back to this. How in God's kingdom, with all the green apples there are, can you call an essential service a ferry system which does not carry anything more than a half ton truck. This is a problem that the government and the C.P.R. have known for 30 or 40 years. Therefore I am not deluded or taken in by the very plausible explanation given by the minister that come 1969 this problem will be resolved by government initiative. Governments are funny things. It depends on which government is sitting where because they are motivated by crises of the moment. If we do not do anything in legislative form to perpetuate something which will in effect be an irritant to the railways, then I suggest that 1969 will come and go and that the situation in the east will become even more adverse than it is at the present time. Certainly the negotiations taking place with the C.P.R. on the Digby wharf is no analogy. I am sure the minister can think of better ones. An agreement was almost reached in 1963 between the government and the C.P.R. in this regard, but certainly the problem has been with us for 20 or 30 years.

I do not want to be difficult, Mr. Chairman, but I must have some assurance from the minister. I suggest to him that if he can assure me some action will be taken within the two-year period I might consider withdrawing my suggested amendment to section 335. I would take the minister's words at face value, and if action is taken on the transportation commission report before two years I do not think we need the two-year freeze. If action of this kind is taken and a report is made in March recommending that steps be taken which fit in with this national transportation bill, then perhaps we will not have to wait two years. During this two year period the plans of industry to develop will be stagnating. They will not know what is going to happen.

Mr. Pickersgill: Would the hon. gentleman look at the obverse of that last statement? We can take the freeze out altogether and have a new regime right now. The whole purpose of maintaining this freeze is to ensure shippers in the Atlantic provinces that they will have these rates for two years and so that the government is given time to deal fundamentally with the problem.

Mr. Nowlan: Mr. Chairman, there is a lot of talk in Canada today about a pill. If an analysis of the situation was made by the government and solid recommendations were brought in, the people in the east would be much healthier if the freeze were not in existence and something else were written into the act.

Mr. Pickersgill: I agree.

• (6:00 p.m.)

Mr. Nowlan: Then we are agreed. But to hold out a two-year freeze as some sort of salvation and as a solution to the transportation problems of the area is just a sugar-coated pill to delude people that this situation will continue ad infinitum. I should like the minister to consider writing in a provision which would enable the government to act. I should like to draft an amendment so that the government would have power to move within two years, though, knowing the delays which arise, I realize it might not be possible for the government to take the initiative within that period.

The only purpose of the minister's suggestion is to continue into the future a situation which has become a real irritant. I believe Mr. Crump or Mr. Sinclair said that two years was too long a period. The reason for this statement is that there is no doubt the rates will go

up I believe the government should remove this sugar-coated pill and put something into the legislation so that if the report of this study becomes available before March they will be able to take action without the necessity of continuing this two year freeze.

I see that time is moving on, but I should like the minister to consider my remarks seriously because I do not think we are too far apart on this issue. As far as I am concerned I say: remove the two year freeze as long as there is a condition which allows for government action. At any rate we should know where we are going. At the present time we do not.

May I call it six o'clock?

Mr. Pickersgill: Does the hon. gentleman not think we can resolve this issue and make a little progress?

Mr. Knowles: You could.

Mr. Nowlan: We could resolve it if the minister would agree with me.

Mr. Pickersgill: I agree with everything the hon. gentleman has said except one thing. I do not believe we should put any provision in the bill that something or other will last unless something which is hypothetical happens, when we do not know what the form of that legislation will be. What the hon. gentleman wants, and what I want, is to see something a whole lot better so that we do not need to keep this freeze in the select territory. If the government is able to bring something before parliament this fall, or in 1968, there is nothing to prevent parliament repealing the freeze at that time. But I would not want to put something in the bill which suggested that in a hypothetical situation this freeze would thaw, without specific action by parliament.

An hon. Member: Six o'clock.

Mr. Nowlan: The only way in which this could be taken care of would be by the amendment I suggest.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Starr: Since it seems obvious that the minister has a great deal more to explain about this bill, would it be safe to assume that we shall be continuing our consideration of it tomorrow?

Mr. Pickersgill: The leader of the house asked me to say that he thought it was desirable to proceed with this bill in committee for whatever time it may take tomorrow and that after consideration of the bill in committee has been completed, as I fervently pray it may be, we should take the other items which my hon. friend suggested last night. I do not have the *Hansard* in my hand, but I think hon. members know what they are and I hope we shall deal with all of them.

It being eight minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Thursday, January 19, 1967

The house met at 2.30 p.m.

FINANCE

POSSIBLE U.S. LEGISLATION RESPECTING OPERATIONS OF FOREIGN BANKS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Prime Minister with regard to the two notes received from the United States in connection with the Mercantile Bank. Is the report in the Toronto *Star* correct when it states in effect that the state department has sent two notes of protest and that in the absence of any reply the new 90th United States congress will have legislation introduced either at the suggestion of the administration or at the suggestion of banking interests to give Washington power to retaliate against foreign banks whose countries do not give equal treatment to United States banks?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have received no information regarding the legislative intention of the United States government in respect of this matter as indicated by my right hon. friend. The Minister of Finance might have a word to say concerning the first part of the question.

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, as soon as these reports were read in the newspaper inquiries were made in Washington. There is no indication of specific plans by the United States government for legislation to control foreign banking in the United States. As the house knows, congressional committees have been making studies of United States banking in general, and in due course there might be legislation arising from these studies.

Mr. Diefenbaker: Mr. Speaker, has the government changed its mind and does it now intend to retreat in connection with the stand it has already taken in respect of the Mercantile Bank?

Mr. Pearson: No, Mr. Speaker, we do not intend to retreat on this matter.

Mr. Diefenbaker: Mr. Speaker, I should like to ask a question supplementary to the one I originally asked. In view of the definite statement of policy in connection with the Mercantile Bank, may I ask the Prime Minister when the government expects to reply to the note from the United States of December 7 or December 8 regarding this bank?

Mr. Pearson: We are working on the reply at the moment, Mr. Speaker, and I hope it will go forward very shortly.

EXTERNAL AFFAIRS

STEPS BY U.S. TO WITHHOLD SUPPLIES FROM NORTH VIET NAM

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I would like to direct a question to the Minister of Finance. Has his attention been drawn to the threat which has been made to the Royal Bank of Canada by the United States treasury department foreign assets control office, regarding the refusal of the bank to discontinue the handling of cheques intended to finance medical aid from United States Quakers to North Viet Nam? If this information is correct I should like to ask the minister what action the government intends to take to protect the bank in carrying out its legitimate banking operations on behalf of highly respectable organizations, such as the Quakers, engaged in humanitarian undertakings?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, the government has received no representations whatsoever from the United States government on this matter. I understand that when the Royal Bank of Canada receives a cheque drawn on a United States bank in favour of the Canadian Quakers, the cheque is taken on a collection basis and forwarded for payment to the bank on which it is drawn. It is the responsibility of the United States bank to decide whether under United States law the cheque should be paid. The practice being followed by the Royal Bank of Canada is in accordance with normal banking procedure under Canadian law.

Mr. Douglas: Mr. Speaker, I should like to direct a related question to the Minister of

Transport, asking him whether his attention has been drawn to a statement by Mr. Ross Flannigan, head of the Quakers' committee, who claims that Air Canada has refused to transport medical supplies shipped by the Quakers to North Viet Nam via Montreal to Moscow, and that these supplies are being sent instead by the Soviet air line. If that information is correct will the minister indicate whether this action was taken by Air Canada at the request of United States authorities and, if so, what justification there is for acceding to such a request?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I think the hon. gentleman has broken almost every rule in the rule book in asking his question but I have not seen the report and cannot give an answer anyway.

Mr. Douglas: Mr. Speaker, I will rely on Your Honour to keep me within the rules rather than the Minister of Transport who is not an authority on that subject.

Mr. Knowles: He is an authority on breaking them.

Mr. Douglas: I should like to ask the minister whether he will inquire into this matter and make a report to the house as soon as possible.

Mr. Pickersgill: I will inquire into the report if the hon. gentleman will be good enough to send it to me. I will do so by asking Air Canada whether there is any truth in it.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I have a question supplementary to the last question. Is the Prime Minister in a position to indicate whether he is investigating or will investigate an association in British Columbia which has received thousands of dollars allegedly for medical supplies for North Viet Nam. This money is not going to the Red Cross, and it is believed that it may be or has been used for other purposes in North Viet Nam.

Right Hon. L. B. Pearson (Prime Minister): I will be glad to look into this if the hon. gentleman will give me more detailed evidence of what he has in mind.

Mr. Woolliams: Perhaps I may be allowed to follow this through. There was a report—

Mr. Speaker: Order, please. The hon. member is now making a statement. He has asked a question, and I do not think this is the time to make a statement in respect of the matter he has raised.

[Mr. Douglas.]

Mr. Woolliams: Mr. Speaker, my supplementary question arises from the Prime Minister's answer. Has the Prime Minister read the report of one of the Vancouver newspapers in reference to this money, which likely has been used for the purchase of war equipment by the communists in North Viet Nam?

Mr. Pearson: No, I have not, Mr. Speaker; but if my hon. friend will send me the report I will be glad to look into it.

Mr. Woolliams: Somebody groaned on my left. I wonder why.

Mr. David Lewis (York South): Mr. Speaker, I should like to ask a question supplementary to the questions asked by the hon. member for Burnaby-Coquitlam. I address this question perhaps to the Minister of Trade and Commerce. I would like to ask the minister whether he has seen the report in today's Toronto *Star* that Mr. Somerfield, chief counsel of the treasury department, foreign assets control, of the United States has said that his department has forbidden Canadian subsidiaries of United States drug companies to sell drugs to Quakers for shipment to North Viet Nam. Has the minister's attention been drawn to this report? If so, has he taken any action on it, or what action does he intend taking on it?

Hon. Robert Winters (Minister of Trade and Commerce): I have not seen the report, Mr. Speaker. When I do see it I will judge what action, if any, should be taken.

[*Later:*]

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I have a question for the Prime Minister related to the one asked earlier by the hon. member for Bow River concerning a Vancouver based organization sending aid to Viet Nam. The question is in two parts. I ask the Prime Minister, first, is there any law preventing Canadian organizations from sending aid either to North or South Viet Nam? Second, why does the Prime Minister offer to investigate something, as requested by the hon. member for Bow River, when the hon. member's questions is based on speculation and rumour and may in fact be a smear?

Mr. Speaker: Order, please. That question is out of order.

Mr. Pearson: I will keep that in mind.

Mr. Prittie: Mr. Speaker, I submit the first part of the question is in order. Is there any law preventing Canadian groups from giving aid either to North or South Viet Nam?

Mr. Woolliams: I rise on a point of privilege. The hon. member who has just asked a question of the Prime Minister about a report that thousands of dollars were being raised and sent to the Viet Cong in North Viet Nam says that report might have been based on rumours or smears. I saw the report in question, and I am prepared to send it to the Prime Minister. The hon. member is the man who groaned when I dared mention North Viet Nam. We know where his affections are.

Mr. Speaker: Order, please. That is hardly a question of privilege.

EXPO '67

REPORTED DISCRIMINATION IN HIRING PRACTICES

On the orders of the day:

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, while I am at it I should like to reply to a question asked on January 12 by the hon. member for Cumberland in connection with the hiring policy of Expo '67. The hiring policy of the Canadian Corporation for the World Exhibition has always aimed and continues to aim at achieving a balance between English speaking and French speaking Canadians and at ensuring the greatest possible representation of Canadians from all parts of the country, having regard to the fact that Expo '67 is a national undertaking.

At the senior level, for example, the management of C.C.W.E. comprises four English speaking Canadians and five French speaking Canadians. There are 26 branch heads in the six departments of the corporation; 10 of these are English speaking Canadians and 16 are French speaking Canadians. It should be realized, however, that it is not always possible to achieve the balance throughout at more junior levels and in all individual units of staff. The labour market in the Montreal area is predominantly French Canadian, and while the C.C.W.E. has underwritten moving expenses for employees hired throughout Canada at senior levels, it did not seem appropriate to extend such practice to the junior levels. While the C.C.W.E. has recognized the need to achieve balance, it should be borne in mind that its hiring policies are based predominantly on qualifications. The C.C.W.E. is confident that it has brought together an effective group of qualified Canadians.

In the case of the youth pavilion—which was the particular unit to which the question applied—for which program staff is currently being hired, another factor is the short period of employment which makes it even less advisable to pay for moving expenditures and tends to limit the area from which certain classes of employees can be drawn. However, the production staff of the youth pavilion are bilingual and they continue to obtain guidance from the youth advisory committee made up of representatives of 32 organizations from all parts of the country. The youth program itself is to be fully bilingual and broadly international.

A few positions remain to be filled on the youth pavilion staff, and the C.C.W.E. will continue to aim at the best possible balance, all factors considered. If there are English speaking Canadians who feel themselves qualified and who wish to apply, they are invited by the C.C.W.E. to do so.

Mr. Robert C. Coates (Cumberland): A supplementary question, Mr. Speaker. Is the minister satisfied that when 13 or 14 individuals employed on the executive staff of the pavilion are French speaking, Expo '67 is keeping faith with Canadians generally, who are being asked to contribute their tax dollars from all areas of Canada toward reducing whatever the deficit might be in the operation of this world exposition?

Mr. Winters: I spent some time yesterday in Montreal on this problem with Expo. I am satisfied that having regard to all the circumstances the employees retained for this particular unit are the only ones who could have been employed from the available pool of potential employees. But as I have said, there are still some vacancies on the staff and English speaking candidates are invited to apply. If there are any English speaking potential candidates who deem themselves to be qualified we would be glad to receive their applications.

Mr. Coates: On a supplementary, Mr. Speaker. Is the minister in agreement—

Mr. Speaker: Order. Does the hon. member for Medicine Hat wish to rise on a point of order?

Mr. Olson: Mr. Speaker, my point of order is that several minutes ago Your Honour recognized the hon. member for Chapleau. However, another hon. member attempted to gain priority on the pretence that he was asking a supplementary question. I think under the rules of the house a supplementary question must be asked immediately following the answer to which it pertains. Some of the

supplementary questions which have been asked in the last few minutes have pertained to a question which had preceded the last question, and then other supplementary questions were asked based on a reply on a different subject. All this was done after Your Honour had recognized the hon. member for Chapleau.

Mr. Speaker: Order, please. I am sure the hon. member for Chapleau will be given an opportunity to rise very soon. The difficulty arose from the fact that the Minister of Trade and Commerce, while he was at it, referred to a question which had been asked yesterday. To a certain extent this confused the general order of questions and answers. I will allow the hon. member for Cumberland to ask a supplementary question; then will recognize the hon. member for Chapleau.

Mr. Coates: Mr. Speaker, I wish to ask the minister whether he agrees with Mr. Shaw's statement as reported in yesterday's Montreal *Gazette*, to the effect that—

Mr. Speaker: Order, please. The manner in which the hon. member has phrased his question makes it inadmissible. Would he kindly resume his seat? He cannot ask the minister whether he agrees with a statement made by Mr. Shaw or by an official of his department.

Mr. Coates: I will rephrase my question. Does the minister agree that the proportion of employees at Expo '67 should be 60 per cent French speaking and 40 per cent English speaking?

Mr. Speaker: Order, please. I recognize the hon. member for Chapleau.

[*Translation*]

AGRICULTURE

QUEBEC—REQUEST FOR PRICE DISCOUNT TO MILK CONSUMERS

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I would like to direct a question to the Minister of Agriculture.

The minister is undoubtedly aware that the Quebec government has decided to increase the price of class I milk starting on February 1, 1967. Therefore, would he study the possibility of granting consumers a compensated discount of 10c. per quart of milk to allow Canadian families to consume the milk they need for their health, especially that of their children?

[Mr. Olson.]

Mr. Speaker: Order. The hon. member is making representations of a very general nature and I do not think that the question as put is in order.

Mr. Laprise: Mr. Speaker, I would like to discuss the matter after ten o'clock.

[*English*]

EXTERNAL AFFAIRS

RHODESIA—REPORTED WITHHOLDING OF MEDICAL INFORMATION AND SUPPLIES

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, it was my intention to direct my question to the Secretary of State for External Affairs, and I sent him notice of it. In his absence I will put my question to the Prime Minister. Has the attention of the Prime Minister been drawn to statements reportedly made by Dr. Mark Webster, secretary of health in Rhodesia, stating that the World Health Organization has imposed sanctions against Rhodesia which have resulted in the withholding of vital medical information and the abandonment of health projects of direct benefit to the African population?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, within the last hour or two I have seen the report mentioned by my hon. friend. I have not yet had a chance to inquire into it but will certainly do so. However, I should say that in the Canadian regulations prohibiting exports to Rhodesia an exception is made in the case of medical supplies and other goods used for humanitarian purposes.

FINANCE

DEPOSITORS MORTGAGE CORPORATION—REPORTED FINANCIAL DIFFICULTIES

On the orders of the day:

Hon. E. D. Fulton (Kamloops): Mr. Speaker, I should like to ask the Acting Registrar General whether he is in a position to report to the house on his examination of the situation in Montreal concerning the Depositors Mortgage Corporation, with particular reference to the extent of the liabilities that are involved on which the company has made a proposal.

Hon. John N. Turner (Acting Registrar General): Yesterday afternoon while I was in Montreal I met with the regional officer of the bankruptcy branch and Mr. Peter Lawrence of the firm of chartered accountants of McDonald, Currie, the trustee under the

proposals. At this stage the debtors, Messrs. S. L. and N. H. Caplan and their company, Depositors Mortgage Corporation, have made two proposals to their creditors under section 27 of the Brankruptcy Act. Both proposals contemplate a payment to the creditors of one hundred cents on the dollar over a period of years. The preliminary statement of assests and liabilities indicates that there is a surplus of assets over liabilities in the case of Depositors Mortgage Corporation in the amount of $647,000-odd, and in the case of the two Caplans personally in the amount of $343,000-odd.

The superintendent of bankruptcy, who reports to the Registrar General, has a duty which is a supervisory one over the administration of any bankruptcy or proposal. The administration of a bankruptcy or proposal is primarily the responsibility under the Bankruptcy Act of the trustee who is acting on behalf of the creditors.

The trustee undertook to report to the superintendent of bankruptcy through the regional officer in Montreal all relevant information regarding the nature of the business carried on by the debtors or relating to the causes of any insolvency. He has also undertaken to advise the superintendent whether in his opinion there were any irregularities within the meaning of the Brankruptcy Act leading up to the proposal. The trustee gave it to me as his preliminary opinion that on the basis of the facts as he now knows them, there does not appear to have been any irregularity on the part of the debtors. The primary cause of the current situation would appear to be one of liquidity caused by the pressure of short term money invested on long term against the security of real estate.

A meeting of creditors to decide upon the proposal has been scheduled for February 20. The superintendent of bankruptcy will be in close touch with events in Montreal.

Mr. Fulton: May I ask a supplementary question of the Minister of Finance. In view of this situation, will the Minister of Finance proceed with urgency on his deposit insurance legislation? Will the minister give consideration to making that scheme compulsory and extending the lender of last resort privileges to cover finance companies, such as the one that has just been under discussion, so as to protect depositors who are not the victims of dishonesty but of monetary conditions for which the government is also responsible?

Hon. Mitchell Sharp (Minister of Finance): It is not the intention of the government to make deposit insurance compulsory. The government's policy is to make it compulsory for all federal companies, but voluntary with the approval of provincial governments for provincially incorporated companies. I think the events that have taken place in this country in the last few weeks are going to encourage all provinces and all companies to take advantage of this facility.

In reply to the second question, the government will give consideration to the suggestion of the hon. gentleman, whether in this legislation or otherwise I would hesitate to say at this moment. I do understand the seriousness of the matter, and I can assure the hon. gentleman that the federal government intends to give strong leadership to improve the financial safety of all companies, whether federally or provincially incorporated.

Mr. John Addison (York North): May I ask a supplementary question of the Minister of Finance in connection with this matter. I noted a Canadian Press report in which it is stated that Attorney General Robert Bonner of British Columbia said his government will insist that all financial institutions taking deposits from the public participate in the proposed federal insurance plan. Now that British Columbia has indicated it will make the plan compulsory, has any other province indicated it is thinking of making the plan compulsory?

Mr. Sharp: No, Mr. Speaker, we have not yet canvassed the other provinces to see what their reaction might be. I do hope the example of British Columbia is one that will be followed by many others.

Mr. Raymond Langlois (Mégantic): May I ask a question of the Acting Registrar General arising from the answer he gave a few minutes ago. In the event that any trustee or supervisor failed, either intentionally or unintentionally, to report to his superiors, has the government any means of controlling this situation?

Mr. Speaker: This question does not appear to be in order. It appears to be hypothetical and perhaps argumentative. It seems to be out of order on a number of counts.

Mr. Langlois (Mégantic): It might be, but if the answer clarified the situation the question might not be so hypothetical.

Inquiries of the Ministry

REPORTED SPEECH BY EXTERNAL AFFAIRS MINISTER RESPECTING GUIDE LINES

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I have a question for the Prime Minister. May I ask the Prime Minister whether the new guide lines laid down yesterday in Vancouver by the Secretary of State for External Affairs are intended to replace those already announced by the Minister of Trade and Commerce some months ago. Also, do they represent a further rejection by the government of the contradictory principles advocated by the former minister of finance?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have seen only a press report of what my hon. friend has said. From that report it appears that the guide lines he mentioned were within the framework of those previously indicated by the Minister of Trade and Commerce. However, he will be back later this afternoon and I will be glad to get confirmation of this.

Mr. Starr: May I ask a supplementary question based on what was said by the Secretary of State for External Affairs. Is it the intention of the government to reject the Washington guide lines, as suggested by the minister when he said that Canada has fought the assumption that the law to which a corporation is subject at its headquarters also applies throughout the area of its operations?

Mr. Pearson: Mr. Speaker, I have not read that particular part of the report, but I will discuss it with the minister as soon as he gets back.

POWER

COLUMBIA RIVER—PROPOSED FURTHER DEVELOPMENT BY U.S.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Prime Minister. I apologize for giving notice only just prior to coming into the house, but I was delayed by a series of telephone calls and visits from ladies.

My question is based on a Washington report which appeared in the *Globe and Mail* on January 14 dealing with the proposed increase of power on the Columbia river, and which concludes as follows:

> Despite the U.S. contention, Canadian sources expected that officials in Ottawa would almost certainly scrutinize the complex formula laid down in the treaty with Washington to determine whether the addition of power-generating capacity would entitle Canada to claim increased compensation.

[Mr. Langlois (Mégantic).]

My question is this, Mr. Speaker. In view of this recent announcement in Washington of proposals for the increase in the power to be produced at Grand Coulee dam from two million kilowatts to 9.2 million kilowatts in the 1990's, which increase was not provided for at the time of the negotiations with Canada on the Columbia river treaty—

Mr. Speaker: Order, please. This is an oration rather than a question. Would the hon. member put his question.

Mr. Herridge: Yes, Mr. Speaker. I should like to ask the Prime Minister this question. Is the Canadian government intending to make representations to the government of the United States that this increase in power generation should entitle Canada to further compensation under the treaty?

Right Hon. L. B. Pearson (Prime Minister): Not, Mr. Speaker, until we have made a very careful examination of the matter. The minister concerned will be able to answer the question later, or perhaps he may be able to say something about it now.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, a rapid examination of this question by my officials leads me to make the following points, which you may allow me to put on record.

1. Additional installation at Grand Coulee will be installed to meet very short term peak loads on the United States system.

2. The limited amount of stored water required for such peaking operation will be, and in fact must be, provided from the reservoir of Grand Coulee itself. It is not practical to try to operate distant Canadian storages to provide this service and there is no treaty requirement for such operation. Canadian storages will be operated to provide a seasonal regulating service, not a daily or weekly peaking service.

3. The increasing demand for short duration peaking power from hydro plants would no doubt have dictated the added installation at Grand Coulee whether or not the Columbia treaty had been ratified.

4. The added installation at Grand Coulee will not result in any greater energy benefit from Canadian storage; therefore there will be no increase in the treaty benefits of either Canada or the United States.

Mr. Herridge: A supplementary question. In view of the fact that the treaty provides for releases from Arrow lakes storage, at the

request of the United States authorities, to maintain certain elevations for the Grand Coulee reservoir, does this not mean that this storage in Canada actually produces the increased power which is being proposed?

Mr. Speaker: Order. This supplementary question is argumentative.

POLLUTION

REQUEST FOR FURTHER RESEARCH INTO DETERGENTS

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Energy, Mines and Resources. In view of the fact that all major producers of household and commercial detergents in Canada have now completed the changeover to non sudsing or bio-degradable detergents, is the government supporting further research into this type of pollutant to further reduce the danger of pollution from this source?

Mr. Speaker: Order. I suggest to the hon. member that this question should be placed on the order paper.

IMMIGRATION

STATEMENT ON ENTRY OF BOYS TO ATTEND SEMINARY AT ST. JOVITE, QUE.

On the orders of the day:

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, last Friday the hon. member for Skeena asked me a question about the admission to Canada of children coming to join a monastery at St. Jovite, Quebec, operated by a religious sect known as The Apostles of Infinite Love.

Immigration records indicate that a number of children have been admitted to Canada in past years to study at the monastery accompanied by, or with the consent of, their parents. In 1964, however, information was received indicating that educational and welfare authorities in the province of Quebec had some reservations about the monastery. Early in 1965, therefore, immigration officials directed their officers not to grant entry to any more students destined for this school until the doubts were resolved. This ban has remained in effect since that time, as immigration officials have not received any co-operation from the monastery in our attempts to clarify matters.

Most of the children who were admitted to Canada to attend this institution have now left this country. We have not been successful in determining the whereabouts of seven. As they are located and referred to my department by the welfare authorities, arrangements will be made to return them to their parents.

CANADA ASSISTANCE PLAN

INQUIRY AS TO PREPARATION OF REGULATIONS UNDER ACT

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Minister of National Health and Welfare. I was wondering whether the minister would give the house a report on how the regulations are progressing with respect to the Canada Assistance Act.

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, final discussions are taking place with some of the provinces, including the province of Ontario. Some points have been raised by the department in that province which we are attempting to clarify before bringing the regulations to the governor in council.

Mr. Nesbitt: A supplementary question. Could the minister give us some indication as to how soon these regulations might be promulgated by the governor in council?

Mr. MacEachen: I would hope very soon, Mr. Speaker.

Mr. E. Nasserden (Rosthern): Mr. Speaker, I have a related question. Could the minister of national health tell us whether he has received any representations from the Minister of Agriculture with regard to the effect of the Canada Pension Plan on the labour market—

Mr. Speaker: Order, please. This question is out of order.

OLD AGE SECURITY

PROVISION OF SUPPLEMENT APPLICATIONS AND EXPLANATORY BOOKLETS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of National Health and Welfare. Can the minister now tell the house whether the forms that old age security recipients will use to apply for the pension supplement and the government's explanatory booklets will be sent out with the pension cheques which go out this month?

Inquiries of the Ministry

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, the forms and the explanatory booklet are presently at the printer and it is not expected that it will be possible, because of the time required to complete the printing, to send out the forms and the booklets this month.

Mr. Knowles: A supplementary question, Mr. Speaker. In that event will they be sent out early in February, or will they be delayed until the February cheques go out?

Mr. MacEachen: Every appropriate step will be taken to get out the forms and the booklets as early as possible.

EDUCATION

REPORTED HOLIDAYS IN BERMUDA BY STUDENTS AT PUBLIC EXPENSE

On the orders of the day:

Mr. J. M. Forrestall (Halifax): Mr. Speaker, my question is for the minister of manpower. I should like to ask him whether he can answer today the question directed to him yesterday with regard to students attending the vocational training program in Nova Scotia. May I also ask him whether, indeed, in his investigation of these incidents he has uncovered any repetition of the situation in other provinces or centres of Canada.

Hon. Jean Marchand (Minister of Manpower and Immigration): In reply, Mr. Speaker, I wish to say that under program 5 of the technical and vocational training agreement and the training allowances agreement the federal government is committed to reimbursing the province for a part of their costs in training the unemployed. These agreements expire on March 31, 1967. New arrangements for the training of adults have been proposed to take effect on April 1, 1967.

Under the existing agreements with the provinces, persons under 20 years of age must have been out of the regular school system for at least one year, except in cases which have been referred to the director of manpower in the region for consideration. This ruling is included to keep high school students from dropping out of school in order to take more narrowly oriented occupational courses.

In August, 1966 the province of Nova Scotia requested that special consideration be given some individuals who had completed high school and who could not find suitable employment without specialized training. Since that date the manpower division, Atlantic region, has referred to the province of Nova Scotia for possible training a number of persons who have been less than one year out of school.

All the cases in question were of unemployed persons; all had little or no prospect of employment; all had completed Nova Scotia grade XI, high school completion, and all are enrolled in courses which will lead to employment in occupations where there is a demand for the skills being taught. No person in training receives an allowance greater than $35 weekly, unless that person is living away from home or his usual place—

Mr. Speaker: Order, please. I think this kind of answer is much too long for the type of question asked.

Mr. Forrestall: A supplementary question, Mr. Speaker. I asked a question previously; this is a very serious matter. I know what the program is because we discussed it earlier. I want to know whether such abuses were confined to Halifax or whether there have been similar abuses in other parts of the country.

Mr. Speaker: Order, please. The hon. member is making representations.

Mr. Raymond Langlois (Mégantic): I am concerned, Mr. Speaker, because it has been said that the federal government pays for part of this scheme. Can the minister tell the house if this is a general percentage across the country or if it varies from province to province; that is the percentage paid by the federal government.

Mr. Speaker: Order, please. The hon. gentleman is inviting debate, and I do not think this is the type of question that can be asked now.

Mr. Langlois (Mégantic): With all due respect, I am not looking for a debate; I am looking for information.

Mr. Speaker: Order, please.

LABOUR RELATIONS

RAILWAY DISPUTE—GOVERNMENT ACTION FOLLOWING REJECTION OF MEDIATION REPORT

On the orders of the day:

Hon. Michael Starr (Ontario): I wish to direct a question to the Minister of Labour and ask him if the government has decided on the course it will follow in respect of the railway unions which did not accept the report of Mr. Goldenberg, the mediator?

Hon. J. R. Nicholson (Minister of Labour): I thought I had given this information to the house the other day, Mr. Speaker, but, at the risk of repeating myself, let me say that the resumption of work legislation passed last September provides for the appointment of an arbitrator and for the passing of regulations. Until we know what percentage of affected workers have accepted the proposals it is difficult to draft regulations. There is no provision for more than one arbitrator and we hope to have no more than one set of regulations, if arbitration prove to be necessary.

The vote of one of the two large groups of unions are due, I believe, on January 25 or 26. The vote of the other is due in early February. Since these union groups represents about 60 per cent of the total, until results of the votes are known it is difficult for the government to make an announcement about the two unions which so far have said they are not prepared to accept the mediator's proposals.

HEALTH AND WELFARE

OTTAWA—INQUIRY AS TO EFFECTIVENESS OF RABIES VACCINE

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I direct my question to the Minister of National Health and Welfare. Can he inform the house whether his department has investigated the vaccine given to Donna Darlene Featherston. Was the vaccine ineffective, or did the child die because of other reasons? Has the department found anything in its investigation?

Hon. A. J. MacEachen (Minister of National Health and Welfare): Mr. Speaker, if my hon. friend refers to the vaccine in connection with the death from rabies, I have investigated the matter and have been advised that the vaccine is not fully effective in all cases. There are unusual instances, depending on the type of exposure, when the vaccine is not effective. As is normal, studies are under way to perfect this particular vaccine.

Mr. Rapp: A supplementary question, Mr. Speaker. Could the minister say why the vaccine was not effective in this particular case?

Mr. Speaker: Order, please.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Frank Howard (Skeena): My question is for the Acting Registrar General. Let me say at the outset that from what I read in the Montreal *Gazette* about the speech the hon. gentleman made to the Dominion Marine Association, I think he should be commended for his remarks. Would he be prepared to table a copy or the text of his speech, that we might see it in detail?

Mr. Speaker: Order, please.

[*Translation*]

TRADE

REQUEST FOR TARIFF PROTECTION AGAINST SHOE IMPORTS

On the orders of the day:

Mr. Roland Godin (Portneuf): Mr. Speaker, I have a question for the hon. Minister of Trade and Commerce.

Has the minister read the last brief submitted by the Canadian Shoe Manufacturers Association, which contains a statement to the effect that there has been no expansion in this industry since 1962, and which shows that, for a given period, the importation of shoes has increased by 1084 per cent, as compared to a 42 per cent increase in the population of Canada.

Mr. Speaker: Order. In its present form, the question is surely out of order.

Mr. Godin: Mr. Speaker, in view of this alarming situation, could the minister tell the house if he intends to terminate consideration of this matter as mentioned last Monday and take action through a review of customs tariffs?

Mr. Speaker: Order. The hon. member might wish to discuss the matter at ten o'clock.

Mr. Godin: I will do that, Mr. Speaker.

[*English*]

UNITED NATIONS

INQUIRY AS TO RATIFICATION OF INTERNATIONAL COVENANTS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, this being centennial year with every consideration being given to the preservation and maintenance of our fundamental freedoms, would the Prime Minister say whether the government intends placing before parliament for approval and ratification the international covenant on civil and political rights, and the international covenant on economic, social and cultural rights?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): I shall be glad to look into that, Mr. Speaker. I am not as familiar as I perhaps should be with these particular international covenants. I take it they are covenants adopted by the United Nations.

Mr. Diefenbaker: That is right.

Mr. Pearson: My right hon. friend is suggesting that we confirm or ratify them in this parliament, and I shall be glad to look into that.

Mr. Diefenbaker: I might say that these covenants were adopted by resolution in the United Nations on December 16, and they cover such matters as laws against genocide, political freedom, self determination and the like, all principles which we accept; and I th nk it would be a wonderful move if the Prime Minister would agree that this would be an ideal occasion for the representatives of this nation to reassert their belief in these principles.

Mr. Pearson: I shall be glad to look into that right away.

CANADIAN NATIONAL RAILWAYS

REQUEST THAT MUNICIPAL TAXES BE PAID FOR FULL YEAR

On the orders of the day:

Mr. Speaker: Orders of the day.

Mr. Robert McCleave (Halifax): On a question of privilege, Mr. Speaker, I have risen about 20 times.

Mr. Speaker: Order.

Mr. McCleave: Mr. Speaker, my question is for the Prime Minister. Has the right hon. gentleman received a request from the mayor and the city council—

Mr. Speaker: Order, please. Is the hon. member rising on a question of privilege?

Mr. McCleave: I was, Mr. Speaker, and my question of privilege was that I had not been seen by Your Honour. Your Honour having recognized me I thought the question of privilege was settled and that I could go on to pose my question, which I have been trying to do for half an hour.

Mr. Speaker: It is a very novel way to catch the Speaker's eye, and I am sure I have no objection to recognizing the hon. member.

[Mr. Diefenbaker.]

Mr. McCleave: My question is for the right hon. Prime Minister. Has the Prime Minister received a request from the mayor and city council of Halifax that the Canadian National Railways be ordered to pay grants to municipalities based on full tax rates for the whole of 1967, and what action will be taken on this request?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am not sure whether I received such a communication or not. If I have it must have come in earlier in the day, and I shall look into it at once.

Mr. Speaker: Order. If there is no further question of privilege I will call orders of the day.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Wednesday, January 18, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: When the committee rose last evening new section 335 in clause 53 of the bill was being considered.

On clause 53.

Mr. Nowlan: Mr. Chairman, I have reconsidered some of the remarks that were exchanged between the minister and myself last night, but still find some difficulty in view of his answers where he said—

The Chairman: Order. I apologize for interrupting the hon. member for Digby-Annapolis-Kings but there appears to be a little more noise in the chamber than usual and it is difficult for the Chair to hear what the hon. member is saying.

Mr. Nowlan: I had better raise my voice, Mr. Chairman. For several days the committee has been discussing what was referred to as the Magna Carta of the west, the Crowsnest pass rates, and I find it difficult to reconcile some of the minister's statements on that subject with the lack of any protection in this new section against action which the commission might take with respect to the Maritime Freight Rates Act which, so far as transportation is concerned, is the Magna Carta of the

east. It is rather an anomaly that the new transportation policy, which we all agree is proper and should be proceeded with, is being considered without regard to the interests of four of the ten provinces.

Undoubtedly the minister is aware from some reports he has received to date on the Atlantic transportation study that the Maritime Freight Rates Act will have to be examined very critically, and perhaps amended in terms of a more modern Canada; because even with the assistance of that act the position of the east has been eroded and is still being eroded. I go back to that act as the Magna Carta of the east and state that something should be said in legislative form about protection for the east under it. No doubt the minister is sincere in his expressed intent, but that intent is not the law of the land, and his expressions in that regard will not be read with too much interest two or three years from now when this bill is being enforced.

In 1927 the Duncan commission said the position of the east relative to the rest of the country had deteriorated from the time of the Intercolonial Railway. It stated that from 1876 to 1912 the position of the east had been easy and relatively constant with the rest of Canada, but since 1912 it had deteriorated. This was the reason for the introduction of the Maritime Freight Rates Act. We are now considering a brand new bill which is supposed to resolve all of Canada's transportation problems but there is no specific mention in it, particularly in new section 335, of protection for the rates structures in the east. I would like to know whether the minister has reconsidered the suggested amendment which I read into the record last night with respect to maintaining the rates freeze until the transportation commission's study has been completed and until the government moves to implement new legislation for the east.

Considering the way governments work I firmly believe that at the end of the two years freeze the government will be inclined to let the Maritime Freight Rates Act stand as it is. I believe there will not be the necessary catalyst and stimulus to bring it up to date.

I admit that the suggested amendment which I read into the record may not have been drafted in the best possible form, and lest there be any misunderstanding I wish to state I have no intention of doing away with the Maritime Freight Rates Act. But in view of the spirit of compromise which has existed and the constructive way in which consideration of this legislation has been proceeding, especially yesterday, I wonder if the minister would consider another suggestion with reference to new section 335 (3) I suggest that in new subsection 3 all the words after the word "thereof" be deleted and the following substituted for them:

—and thereafter shall be governed by the intent and purpose of the Maritime Freight Rates Act.

It would then read as follows:

(3) Subsections (1) and (2) shall be in force during the two years after the coming into force thereof and thereafter shall be governed by the intent and purpose of the Maritime Freight Rates Act.

The minister has intimated that at some stage, presumably after the maritime transportation study, the Maritime Freight Rates Act will have to be re-examined. I point out that the intent and purpose of that act remain the same today as they did following the Duncan commission report, namely to maintain the east in a relative position with the other parts of Canada. I wonder whether the minister will give consideration to my suggested amendment so that whatever rates are set at the end of two years will be set in accordance with the intent and purpose of the Maritime Freight Rates Act. If that cannot be considered, then I will have to decide whether or not I intend to move a formal amendment.

• (3:30 p.m.)

At the moment I am disposed to move a formal amendment in respect of the suggestion I put forward last night to the effect that the freeze be continued inasmuch as the government will be stimulated by the two railways to take action. Otherwise this would be left up to the initiative of the government and sometimes even when the government has had the best motives and principles it has been rather inert in this regard. There is no question in my mind concerning who will bring the greatest pressure to bear on the minister two or three years hence. I am sure the presidents of both railways will attempt to get the government to act. It has taken years to get this far. I do not think we should assume that after the freeze is over the government will on its own initiative take a critical look at the situation in the east. I think the danger is that it will drift along.

If the freeze continues for two years, I believe that after the two years the two railway presidents, who already have indicated that they do not like the freeze even for the two years, will be the catalyst which will cause the Minister of Transport to take some action.

I should like to know whether the minister has reconsidered his position in respect of what he said last night. I would hope that there might be a spirit of compromise so that the east would get something.

Mr. Pickersgill: Would the hon. member send me over the paper to which he was referring?

Mr. Nowlan: It has become obvious to those in the maritimes that the whole national transportation picture is somewhat invidious unless something is done. The west has fought and won a good fight. It is now high time that something be written into this bill to give some protection to the east.

What the minister has in his hand now is a compromise, I think, of both positions. It is not a suggestion that the freeze continue indefinitely or in perpetuity but rather that whatever rates are set after the two years be set having in mind the intent and purpose of the Maritime Freight Rates Act. I say this with the knowledge that the Maritime Freight Rates Act is a special act and can be changed in the future. The minister has indicated that it may be changed. However, whatever the changes are they should be made in such a way that they retain the intent and purpose which parliament had in mind when the legislation was first introduced. That intent and purpose are to ensure that the position of the east is relative to the position of the rest of Canada. The act even in its present form, although it is not doing the best job, at least is better than nothing. I should like to know what the minister's position is so that I will be able to decide what my position should be.

Mr. Bell (Saint John-Albert): Mr. Chairman, may I ask that I be associated with the amendment of the hon. member for Digby-Annapolis-Kings. I think all of us are aware in varying degrees of the weaknesses in this section and the problems we shall have to deal with in the future as the result of the new study. In view of the success yesterday of the western members it now is evident that the maritimes also will have to make a stand. I should like to point out, as the minister knows, that the situation in respect of the Crowsnest pass rates is entirely different from the situation in respect of the Maritime Freight Rates Act. I hope that this is understood by all members of the committee. The western Crowsnest pass rates are statutory and are fixed at certain levels. There really is no comparison. We want to see the principle of the Maritime Freight Rates Act continued even though there may be some changes in the future.

In my opinion this amendment simply recognizes, as in clause 1, that the principle of the Maritime Freight Rates Act should be maintained. I appeal to the minister that he accept this amendment or one in similar words. I think this would settle the situation in respect of the maritimes. There are very just apprehensions in respect of this bill and the effect that it will have on the competitive position of the people of the maritimes.

Mr. Pickersgill: Mr. Chairman, I would hate to think that any amendment I might accept would do to the Maritime Freight Rates Act, or any other protection which the Atlantic provinces have, what the amendment we accepted yesterday, if its effect is not corrected, will do in respect of the protection of western grain producers. The amendment for which hon. gentlemen voted yesterday removes the protected rates for barley screenings, barley meal, bran, buckwheat flour, chopped feed, crushed barley, crushed oats, feed grain, grits and groats, flaxseed screenings, linseed meal, linseed oil, cake meal and cake linseed oil.

Mr. Knowles: Mr. Chairman, may I rise on a point of order. Frequently the minister tells us that he keeps to the rules, but now under the pretext of speaking to an amendment which has been moved today he is speaking on an amendment which was decided yesterday.

Mr. Pickersgill: At this advancing age that the hon. gentleman and I are approaching, he appears to have missed one or two points. In the first place, no amendment has been moved today. In the second place, the hon. member for Digby-Annapolis-Kings and the hon. member for Saint John-Albert have said that they felt they must gain a victory similar to the one that western members achieved yesterday. Because this argument has been put in relation to the clauses before us and since it has been customary in this house to allow analogies, I was just indicating what the situation would be if the effect of the amendment they are suggesting is similar to that which took away the protection that the government was trying to give to nearly all grains with the exception of wheat and flour.

Mr. Horner (Acadia): The minister is now attempting to prolong his own legislation by bringing about a lengthy argument which will not stand up in view of the fact that section 328 is still there and guarantees the Crowsnest pass rates. If the minister wishes to become involved in a legal battle in respect of the

definition of grain, then we are prepared to accommodate him. We are prepared to move another amendment. But the minister should not try to convince the committee that any damage was done in safeguarding the Crowsnest pass rates. If the minister and the government attempt in any way to remove, destroy or erode the Crowsnest pass rates, they certainly will not be treated very generously in the west. They will have fewer members than ever before—

The Chairman: Order. This might be a good time for the committee to get back to the discussion of clause 53.

Mr. Pickersgill: Mr. Chairman, I do not in the least intend to prolong the discussion on this point because I am afraid the facts speak for themselves, but I hope to suggest a remedy to the house. In the meantime I will deal with the compromise suggestion put forward by the hon. member for Digby-Annapolis-Kings in place of the amendment which he suggested last night that he might be disposed to move. I confess to being a little puzzled as to what this phrase in effect will mean in law, because the hon. gentleman suggests that thereafter this shall be governed by the intent and purpose of the Maritime Freight Rates Act. If he means that the Maritime Freight Rates Act and its provisions shall apply, let me say they will apply all the time, not only for two years.

• (3:40 p.m.)

Mr. Forrestall: There is no guarantee.

Mr. Pickersgill: These provisions apply right now. I suggest to the hon. member that he try to speak into the microphone because it is very difficult to hear him.

Mr. Forrestall: All we are asking is that there be some form of guarantee. All we have now is the minister's word, and that is not enough. We would accept his word but not necessarily the word of his successor.

Mr. Pickersgill: Of course my word is not enough and I have not suggested for one moment that it should be accepted as enough. If I were sitting on the other side of the house I would not accept it either.

Mr. Forrestall: Why not write it into the bill?

Mr. Pickersgill: Perhaps the hon. gentleman would allow me to finish my sentence, since I suspect in this particular instance I know a little bit more about what I am talking about than he appears to know. I hope the hon. gentleman, the junior member for Halifax, is doing what he is doing out of ignorance and not out of malice. I have said three or four times that this bill does not touch the Maritime Freight Rates Act. That act is in force; it is the law of Canada and it is not going to be changed by this bill. Therefore there is no need to accept my word. The act itself is on the statute books and it will be totally unchanged.

Mr. Nowlan: Perhaps I could interject at this point. I have worded my suggested amendment in this way because of what the minister said last night. I appreciate that the Maritime Freight Rates Act and the Crowsnest pass rates agreement are separate from this transport bill. As the minister has stated, there is no doubt that the Maritime Freight Rates Act will be considered and likely changed at some time.

When the transportation study has been made I am sure this act could be revised radically, depending on the recommendations emanating from that study. I admit I had difficulty in framing my amendment but my intent was to have the principle involved remain in existence for perhaps 20 years rather than two, or at least until the government does something about it.

I am sorry that we do not seem to have the same spirit of compromise which existed yesterday. In any event, whether the principle of the Maritime Freight Rates Act is revised or amended or thrown out completely in two or three years time, or whenever the government proposes, that principle should be the governing factor in the establishment of any rate structure. There is nothing in the bill now before us which guarantees the continuation of that principle in spite of the fact the bill is supposed to settle all the transportation problems we have encountered since confederation.

I think this measure represents a sincere attempt on the part of the minister to group certain things together. We all know there are many problems in the transportation field, and it will be five or ten years after the adoption of this measure before we can appreciate its full implications. Many things will have to be defined. Keeping that fact in mind we must take steps to make sure that the principle of the Maritime Freight Rates Act is continued. I believe it will be some time before the principle to which I have referred is changed, but whatever changes take place

as a result of the adoption of this new transportation measure, which is supposed to be a transportation Magna Carta, we wish to ensure that at least the intent and purpose of the Maritime Freight Rates Act and the Crowsnest pass agreement are maintained.

One of the things which helped to advance the idea of confederation was the promise that there would be an intercolonial railway, and we need one in order to travel and transport our goods. It is even difficult today to travel and ship goods at the present rate structure, but the minister knows as well as I that the provisions of the Maritime Freight Rates Act helped to solve a great number of our problems. It can continue to do so today as it did when it was first adopted.

If there is no agreement to the suggestion I have made I am inclined to move the amendment which I suggested last night to continue this principle indefinitely. The premiers of the maritime provinces have made it clear that they cannot support a transportation policy without economic considerations written into it which take into account the size and geographic location of these provinces. We wish to go along with the suggestion regarding a national transportation policy in the interest of Canada, but we certainly must protect our own position. We all know from what we have heard at committee hearings and in this chamber that transportation costs represent the biggest cost of production in the east. No matter what course the government may follow in the future in respect of maintaining, changing or amending the Maritime Freight Rates Act, the original intent and purpose, to provide reasonable equity in transportation costs in the east and in the west, must be maintained, and that is in effect what we are suggesting here.

Mr. Pickersgill: Mr. Chairman, I hope I can show the same spirit of conciliation that hon. members have been kind enough to say I have shown hitherto. I would not claim, however, anything like the extravagant attributes given to this bill by hon. gentlemen. This bill will not solve all our transportation problems. It does not purport to do so. It purports to do two basic things. First, it will establish a single transportation agency which will deal with all forms of transportation under federal jurisdiction. I am sure that everyone agrees that generally this bill seems to improve the situation. Second, by this bill we are attempting to get away from the general structure of railway freight rates we have had in the past, under which all rates were set by the Board of Transport Commissioners, or had to be approved by that board which established maximum and minimum rates and allowed rates to fluctuate. In exchange for this greater freedom it is proposed that the huge subsidies now being paid to the railways will be phased out. I think one would say they are the two main objectives of the bill.

• (3:50 p.m.)

I said last night, and I repeat, that I think it is unfortunate that the MacPherson commission was not able to complete its study. As the commissioners said in their report, they did not have time to consider the effects of the Maritime Freight Rates Act and its adequacy at the present time. After consultation with the governments of the Atlantic provinces the present government set up the study that is now going on and is nearing completion, not just of the Maritime Freight Rates Act—that is one element of it—but of the whole problem of transportation within the Atlantic provinces and between the Atlantic provinces and the rest of Canada. What the government in office, whatever government it may be, may do when that study has been received and analysed is something that none of us here can predict at the moment.

Therefore in framing legislation I had really no option as Minister of Transport but to accept the facts as they are at the present time and to say that at the present time I was not prepared to advance my own policies to deal with this problem, because I thought we needed much more expertise to deal with it than I have or that my department has without outside help and without time to give he matter adequate consideration. I am sure every hon. member from the Atlantic provinces would agree with that view.

We then decided to do two novel things in this bill with respect to the Atlantic provinces. The so-called At and East grain rates would have expired and the grain rates to the ports of Halifax and Saint John would have gone up. They were simply kept down by a voluntary act on the part of the railways. A year ago I was able to persuade my colleagues that we should pay a subsidy to the railways to make sure that those rates did not go up, to make sure that they stayed at the level they were then in order to have rates that would encourage the flow of grain through the Atlantic ports. I have no apology to make for doing that. I think it was a good thing to do. I think it was a good use of the taxpayers' money and I would defend it anywhere. I put it in this bill; it is in new section 329A. We

made a further improvement in this respect in the amendment the committee was good enough to accept when I moved it the other day. I hope no one will call me to order at this point, Mr. Chairman.

Mr. Bell (Saint John-Albert): Was that with regard to flour?

Mr. Pickersgill: Yes. In this bill we have really departed, so far as rates are concerned, from the status quo in two respects only. One is to underwrite the At and East grain rates and the other is to continue the freeze imposed in 1959, which is being abandoned in the rest of Canada, and to add coal and certain lumber rates to that freeze for two years. The reason that provision was put in the bill was that we were not able to deal with the particular problem of the Atlantic provinces in a constructive way at this time because we did not have the necessary suggestions, the necessary elements do deal with it.

Therefore I said we were not going to worsen the position of the Atlantic provinces but were going to see that it was safeguarded for a time long enough to give the government of the day, whatever government it may be, a chance to consider that study and propose legislation to parliament. We suggested in this bill that the freeze should be continued for two years. We could have suggested that it be continued indefinitely instead of for two years. It seems to me it is on this point, and on this point only, that the hon. member for Digby-Annapolis-Kings and I disagree.

It is my considered judgment, since the presidents of the C.P.R. and C.N.R. do not have votes in this house and all the members from the Atlantic provinces do, that if at the end of that two-year period the government has not acted it will be much more terrified by the loss of votes in this house—I may say that I felt this keenly when the bill was drafted and I feel it even more keenly today—than they would be by the barking of the heads of the railways. I think a government faced with the prospect of having this freeze disappear, and having taken no action, would be in a terrible situation vis-à-vis public opinion in the Atlantic provinces.

One of my reasons for not leaving the freeze indefinite was that I thought it would be too great a temptation, if it was indefinite, for other problems that seemed more urgent in a year or two to be substituted and dealt with. There would be a tendency to say: "Oh, well, they are protected by the freeze, anyway, down there. We can forget about them for another year or two." On the other hand, if under the law this freeze comes to an end the government cannot forget the problem. I have had a rather long experience of the way governments behave. This experience was acquired partly as a public servant before coming into this house and has been added to by participating in government when sitting on this side of the house and observing it when sitting on the other side. Therefore I have the conviction—that is all it can be; nobody can know whether it is a fact—that a government faced with the prospect of some advantage disappearing for the Atlantic provinces would be more apt to act, and act urgently, to resolve the problem than a government that could say: Those fellows down there have the freeze; we can forget about them for two or three more years.

It is because I believe that the transportation problems of the Atlantic provinces are urgent and that the improvement of transportation in the Atlantic provinces can contribute more than anything else to the improvement of the economy of that region that I want every possible incentive to exist for government to act and deal with this problem. It is in consideration of that position that I have taken the view I have. On this one very narrow point of tactics, and not on anything else, I do not see eye to eye with the hon. member for Digby-Annapolis-Kings.

I now come to the suggested amendment of the hon. member. I would have to say that when faced with this amendment and the one he offered last night, I prefer the one he offered last night because it seems that one would have some legislative effect and I do not think this one would have any. I do not know how the transportation commission, the railways or the courts could apply the intent and purpose of the Maritime Freight Rates Act to freight rates that had been frozen for two years and were thereafter unfrozen. If, instead, the amendment said that the provisions of the Maritime Freight Rates Act should apply to these rates, that would of course make legislative sense. But it would not add one iota to the law because they apply right now and will apply during the freeze and when the freeze comes off unless parliament sees fit to change the Maritime Freight Rates Act. For that reason I would advise the hon. gentleman not to move this amendment. I do not think it would have any effect whatever except to create confusion in the mind of anyone who tried to obey the law.

Transportation

• (4:00 p.m.)

With respect to the other amendment which the hon. member suggested last night, I think it is also open to very grave objection on two grounds, one of which is legislative and the other of which is political. I will deal with the legislative reason first, and perhaps I should look at the exact wording of the hon. gentleman's amendment because although he was good enough to send me a copy I seem to have mislaid it. The hon. member's amendment reads:

(3) Subsection (1) shall be in force during the two years after the coming into force of subsection (1) and shall continue in force after the said two years unless, and until, the Maritime Freight Rates Act is amended to retain the historic intent and purpose of providing Atlantic provinces industry access to the markets of Canada without the handicap of distance.

The only part of that amendment that would have any legislative effect would be the following wording "unless, and until, the Maritime Freight Rates Act is amended". As the hon. gentleman knows, that would not bind any future parliament because notwithstanding the fact that these words were there the subsection could be repealed in the next session of parliament. However, this wording would indicate a certain purpose and intent at the present time.

Nevertheless I would not be willing to support this purpose and intent because while the amendment would indicate that this parliament in passing this law, if such will be the case, wanted this freeze to continue until the Maritime Freight Rates Act is amended, it would have a political effect with which I would not want to be associated. Knowing how one's words can be twisted, I would fear that if I were associated with an amendment of that sort somebody might say about me: Why, that fellow Pickersgill had the nerve to suggest that parliament should amend the Maritimes Freight Rates Act, the charter of our liberties, the Magna Carta of the maritimes. I could not say in defence that I had not said it would be amended because in a bill of which I am the sponsor it would appear that the whole of parliament had said this act should be amended. If one were skilled enough at doing this sort of thing, which I am glad to say I am not, a lot of people might say that I intended to take that right away from them. I would advise the hon. member for Digby-Annapolis-Kings, who has only been elected once, not to jeopardize his chances of re-election by leaving himself open to that kind of misconstruction and imputation.

[Mr. Pickersgill.]

Therefore I do not think it would be a wise thing to do.

Although it would not make much difference legislatively, I do not think it would be a wise thing to do from the standpoint of a proper understanding in the Atlantic provinces of the intent of parliament. I think our intent is perfectly clear, that in freezing the rates in that area only as a temporary expedient, and associating that freeze with the facts which are known to everyone in the area, the problem is being dealt with urgently and there is a spur to get on with the job, whereas if the freeze was indefinite I fear that parliament would not have the same incentive. For that reason I really hope that the hon. gentleman will not press for the adoption of either of his suggested amendments.

Mr. Bell (Saint John-Albert): I am not sure that the minister is taking an attitude which will be conducive toward reaching a compromise on the matter that was brought up yesterday. With reference to what happened yesterday, let me compliment the government members on their attendance this afternoon and their new-found interest in this bill. I see eight cabinet ministers present today and many backbenchers milling around at the rear of the house. It was a hard, humiliating lesson but we are glad to see that the government is showing some interest in this measure which is so important both to the east and to the west.

A minute ago the minister said that he felt that public opinion in the maritimes was going to be a great factor in inducing certain persons, including himself, to act on matters which affect maritime freight rates. I was glad to hear him say that. I am not particularly worried about that but when I look at the Minister of National Defence and the Minister of Industry I wonder what kind of pressure is needed from the maritimes to get them to move.

The minister must surely recognize the fact that there is apprehension in the maritimes. If he wants to leave the house for a minute to have a talk with some of the members from the maritimes, we will bear his absence for a moment or two. I think they would tell him that there is apprehension in the maritimes regarding the matter of an indefinite freeze. I have expressed myself frankly but I fear nevertheless that the full story will not be understood in the maritimes when word of yesterday's and today's debate is carried to the people there by the press.

I suggest to the minister that he should include a phrase in the bill to deal with the problem of the freeze. It would be quite simple to make some kind of an amendment, perhaps enlarging on what the hon. member for Digby-Annapolis-Kings has suggested, which would include certain statutory advantages embodied in the principle of the Maritime Freight Rates Act so that when changes are brought about we will all know that the principle is being recognized.

I give the hon. member for Digby-Annapolis-Kings credit for his persistence. He knows that it will be hard to explain the situation to the shippers in his constituency. If the minister is aware of public opinion in the maritimes, as he says he is, I think he should accept the challenge to him to come up with an appropriate phrase which will cover what he intends. I will not go into yesterday's debate until the matter is dealt with again in the correct way under our procedure, but I really think that the minister must have learned his lesson yesterday. However, if he wishes to provoke a horde of maritime members he will find out how angry maritimers can be. The noise which the western members of parliament made yesterday will be as nothing.

Mr. Nowlan: Mr. Chairman, I look with envy at the long record of the minister in this chamber and I hope that his long record of service both outside and inside this chamber can be an example for all members on this side as far as tenure and length of service are concerned, though not necessarily an example of the way in which service is performed, but obviously the minister has had a much longer span of experience with which to look at this legislation and at my suggestions. I certainly defer to him. I appreciate fully his remarks about the legislative problems connected with preparing a suitable amendment. I agree with what he said about my suggested compromise. Of course, the trouble is that when one starts to compromise to find a solution one is liable to compromise in all areas and thus compromise the legislative force of the suggestion.

• (4:10 p.m.)

I fully appreciate the fact that the suggestion I put forward may be a little uncertain, but at least it is something. So far as deferring to the minister's political assessment of the situation in the maritimes is concerned, with respect, Mr. Chairman, I must part company with him there. There is some concern in the maritimes now about the uncertainty of the freeze for two years. At the end of the two years rates are obviously going to go up. The minister mentioned that there might be some new proposal on the basis of the Atlantic provinces transportation study, but that will be debated at another time. We are still going to have to debate the Maritime Freight Rates Act. If we could put something in the Maritime Freight Rates Act now, it might shorten that debate.

I fully appreciated the minister's remarks and for that reason I have restricted my remarks. If I were to move formally the amendment that the freeze continue for two years or until the Maritime Freight Rates Act is amended, then I would remove the uncertainty. This is the purpose I would hope to achieve. The people in the maritimes know that the freeze is going to end. The minister has said that the government is going to move. I find it difficult to reconcile the two views. How is the government going to be stimulated into action? The Maritime Freight Rates Act will continue but the new transportation commission will be able to adjust the rates and up the rates will go.

It was suggested by some witnesses before the transport committee that these rates would go up as much as 50 per cent. The president of the Canadian Pacific, Mr. Sinclair, admitted that in all probability the 20 per cent and 30 per cent preference within the select area would vanish if there were no restriction at all. Unless the minister is prepared to consider the suggestion put forward by the hon. member for Saint John-Albert, to bring the matter to a head perhaps I should move the amendment.

I appreciate the minister's remarks concerning the legislative imperfections in both amendments. I certainly defer to the minister's political assessment; I know the minister is only too capable of handling political affairs. While my experience in elections is relatively slight, I feel fairly certain where I stand on this point. I know the minister will be able to take care of himself in a like fashion. Therefore, unless the minister is prepared to consider some change in the proposed section and perhaps give an example of how the government will take the initiative two or three years hence, I am afraid I am going to have to move formally the amendment which I suggested last night.

Mr. Stewart: I want to say a word or two, Mr. Chairman, about the proposition the hon. member for Digby-Annapolis-Kings put forward last night because he is now suggesting he may move it formally as an amendment to the bill. As all members of the committee know, we are not in a position now to go

ahead and make some sort of new settlement in relation to transportation in the Atlantic provinces. The study has not been completed. Consequently, we have to leave this matter somewhat indefinite. We have to be indecisive at the moment. We have to leave a certain amount of uncertainty.

What the hon. member for Digby-Annapolis-Kings is trying to do, and I sympathize with his purpose, is to reduce that uncertainty. He is trying to build in a hedge against the possibility that at the end of the two year period when the freeze thaws the Maritime Freight Rates Act would simply continue. Now, the hon. gentleman has already admitted that the last part of his draft is legally meaningless.

Mr. Nowlan: I agree, but, Mr. Chairman—

Mr. Stewart: Let me read his words again:

> Subsection (1) shall be in force during the two years after the coming into force of subsection (1) and shall continue in force after the said two years unless, and until, the Maritime Freight Rates Act is amended to retain the historic intent and purpose of providing Atlantic provinces industry access to the markets of Canada without the handicap of distance.

I suggest, and I think the hon. member has agreed already, that all the words beginning with "to retain the historic intent and purpose" are meaningless. In other words, sir, the freeze would continue until amendments were made to the Maritime Freight Rates Act. These amendments might be ones which would bring no joy whatever to the hearts of shippers or the general population in the Atlantic provinces.

It seems to me that the motion the hon. member is making has a second very sharp edge. It is true that the provision of this amendment might bring about improvement of the Maritime Freight Rates Act. It is equally true, because susceptible of judgment based on opinion, that it might trigger an amendment that would work precisely the opposite way.

As evidence that this could be the case, I adduce the hon. member's own amendment. His amendment refers to retaining the historic intent and purpose of providing industry in the Atlantic provinces with access to the markets of Canada without the handicap of distance. I argue that the historic intent and purpose of the Maritime Freight Rates Act long since has been so badly eroded that the act which the hon. gentleman is now seeking to retain no longer performs the original intention of the enacting parliament. I am not at all zealous to see the act retained if it is not improved in some way. I want to see an improvement. In other words, sir, I think that the purpose of the hon. gentleman is a good one. We all like to hedge in times of uncertainty. We like to put in a hedge that creates a presumption in our own favour.

But the amendment proposed here does not do that at all. In fact, it implies that the change could be a change against us. Any change in the terms of the Maritime Freight Rates Act could have the effect of thawing the freeze. We who come from the Atlantic provinces should recognize the actual situation. We should recognize that something is going to have to be done. But we do not now have the information upon which to base a scheme for the solution of our problem. Consequently, our best protection is to remain alert until the information is available. We must remain alert until we are ready to proceed to attempt the kind of solution to the problem of transportation in the Atlantic provinces that is desirable.

• (4:20 p.m.)

I urge the hon. member for Digby-Annapolis-Kings not to try to win the kind of superficial victory that throws out the baby with the bath water, the kind of victory his friends from the west won yesterday. We in the Atlantic provinces are much more sophisticated than to want that sort of victory, Mr. Chairman.

Mr. McCleave: Mr. Chairman, there may be a great deal of uncertainty in the mind of the hon. member for Antigonish-Guysborough. He used that word a couple of times and it may be due to his environment, finding himself unfortunately located where he is. But I do not think there is uncertainty in the minds of the other maritime members in the house about what we hope to accomplish, which is to see that the rights that were given to us, by a much earlier parliament, admittedly, as the hon. member said, eroded away, are restored. Those rights include helping us to overcome the geographical disability under which the Atlantic provinces lie.

The suggestion of the hon. member for Digby-Annapolis-Kings has been under some criticism by the hon. member for Antigonish-Guysborough. The amendment of the hon. member for Digby-Annapolis-Kings simply projects a two year freeze. At that time, if we have faith, hope, charity and other "Pickersgilliana" which may be lying around, we may expect that some other amendment will be brought in to incorporate the terms of the study that is now going on.

This legislation has been mooted for a long time. I am sure that in the past people have insisted that it should be brought in within a two-year period, but nothing like this has happened. The matter has been carried over from one parliament to another and now we are finally coming to grips with it.

The assurance that after the study is completed legislative action based on it will be brought before parliament is no certainty, sir. I will even join the hon. member for Antigonish-Guysborough, use the word "uncertainty" and say that probably this is a very great uncertainty. Once the two years have passed the freeze will be over and the rates on these important shipments will sprout unless parliament does an amending job and extends that particular provision on a year to year basis until legislative action is taken on that study. For this reason, Mr. Chairman, and based on the principle "better the evil you know than the evil you don't know". I am going to support the amendment which I anticipate the hon. member for Digby-Annapolis-Kings is now going to move.

Mr. Nowlan: Mr. Chairman, I think that will bring matters to a head. I appreciate some of the remarks of the hon. member for Antigonish-Guysborough, but if the purpose of the proposition is good I certainly think that outweighs the superficial aspect referred to by the hon. member. The purpose is good and sound but there is an honest difference of opinion between the minister and me as to how the government will move, when it does move, on the Maritime Freight Rates Act. In view of the known propensities of certain governments, and having regard to the delinquency of the government of the day in the matter of taking the initiative in this area, I at least feel that this amendment will clarify some of the uncertainty.

In view of what has been said both last night and today and in view of the stimulative action which will be taken by the railways, which are even against the two-year freeze the minister has proposed, as well as for other reasons, I move, seconded by the hon. member for Halifax:

That section 335 (3) be amended by deleting all the words after the word "and" and substituting therefor the following:

"continue in force after the said two years unless and until the Maritime Freight Rates Act is amended to retain the historic intent and purpose of providing Atlantic provinces industry access to the markets of Canada without the handicap of distance".

I fully appreciate the comment about the drafting of the second half of the amendment but it is the first section which is the operative part here and should be embodied in the legislation.

Mr. Pickersgill: Mr. Chairman, I think there is a technical imperfection in the amendment. If it is taken literally it does not strike out anything, it merely appears to add these words to the words already in the section, which of course would make utter nonsense. I am sure we would be very happy to rephrase the amendment, and perhaps I can help the hon. gentleman a little by saying that the existing words of subsection (3) should be struck out and that the words he suggested should then be substituted therefor. I think that this would overcome the technical problem, which is not a serious one. All of us experience this when moving amendments in committee.

However, Mr. Chairman, much as I dislike having to do so, particularly with a new member who has made a very good impression in this house already and for whom I think all of us have for a number of reasons a good deal of esteem, especially in view of his ancestry and background, I am afraid I must reject the amendment. Incidentally, if I might be permitted to reminisce for one moment, when I came into this house for the first time his father was already a respected member and was one of the people on the other side of the house who first welcomed me. He even kindly wrote me a note at the end of my first session suggesting, though I really did not think I had done very well, that I had not done too badly and encouraging me to continue.

Therefore I know that the hon. gentleman will not think it is out of any lack of good will that I say I do not feel in a position to accept his amendment. I reject it on two grounds: first of all, on the ground that I do not think intrinsically it would be a good amendment to adopt; second, I think it would be open to grave misunderstanding and create grave confusion if we were to adopt it. For that reason I hope that my friends—

Mr. Churchill: —are in the house.

Some hon. Members: Hear, hear.

Mr. Pickersgill: The hon. member for Winnipeg South Centre, with that instant perception we all admire so much, has anticipated my thoughts, Mr. Chairman. I hope that all my friends are in the house and I hope that

all my friends, including those from the Atlantic provinces, will have no hesitation whatever in joining with me in rejecting, in a spirit of good will, the amendment offered by the hon. member.

• (4:30 p.m.)

Mr. Bell (Saint John-Albert): Mr. Chairman, the minister talks about friends. I hope he realizes he is losing important friends by the way he is putting this bill through. At the beginning he brought the Senate into his remarks. He has lost the support of that place. Yesterday it was evident he would lose the support of the west. Now he is in serious danger of losing the support of the maritimes.

Some hon. Members: Hear, hear.

Mr. Bell (Saint John-Albert): We do not say that the whole Maritime Freight Rates Act needs to be changed or reviewed. We gave the minister an opportunity to insert a few words to show his good intention with regard to the freeze. We explained in a straight-forward way what we wanted and the minister has refused to do so. I for one, coming from the maritimes, will not be accused of not standing up for the maritimes when an important measure such as this comes forward.

Some hon. Members: Question.

Amendment (Mr. Nowlan) negatived; Yeas, 41; nays, 68.

The Chairman: I declare the amendment lost. Does this complete discussion of new section 335?

Some hon. Members: Agreed.

The Chairman: The committee will consider new section 336. The hon. member for Winnipeg South.

Mr. Kindt: Mr. Chairman, I wanted to speak on section 335.

The Chairman: Order, please. The committee has passed section 335.

Mr. Kindt: I beg to differ. The chairman did not see me when I rose. He did not turn his head to see me.

The Chairman: Perhaps I should say to the hon. member that if the Chair does not see an hon. member standing when a clause or subsection is carried, it would help the Chair if the hon. member standing would indicate that he wishes to speak. I recognize the hon. member for Macleod on new section 335.

[Mr. Pickersgill.]

Mr. Kindt: Thank you, Mr. Chairman. I shall be brief. This section has to do with the rate for coal and coke.

Mr. Pickersgill: Does the hon. gentleman realize that it deals only with rates in the select area? It has nothing to do with rates for coal outside the Atlantic area.

Mr. Kindt: Would the minister tell me on what subsection or section I could talk about the rates for coal going to Japan?

Mr. Pickersgill: On section 336 when we come to it. The hon. gentleman could speak about the matter then.

Mr. Kindt: That is the next section?

Mr. Pickersgill: That is right.

Mr. Kindt: This whole bill is extremely confusing. I have read section 336 and I do not see that I can talk on the subject I wish to raise. But if the minsiter says I can speak on that section I shall sit down until section 336 is called and then hope that I will be given the first chance to speak.

The Chairman: On section 336 the Chair has recognized the hon. member for Winnipeg South.

Mr. Sherman: Mr. Chairman, new section 336 deals with a number of aspects to which some members on this side of the house have already made numerous references during consideration of clause 1 of the bill, particularly before the Christmas recess. I participated in that debate and devoted considerable time to the precise subject under examination specifically in clause 33. My feelings today with regard to the provisions in this section are well known to the minister and to other members of the committee. I beg your indulgence, Mr. Chairman, if for the next few minutes my comments seem a repetition of previous ones. It is necessary to repeat certain things and to press the arguments advanced particularly by my province of Manitoba in concert with the other prairie provinces in relation to the main considerations of section 336.

The two specific subjects covered in section 336 are the maximum rate formula and the machinery and procedure for its application, and the process whereby a captive shipper may be identified under the terms of the legislation. The west has been particularly unhappy with the maximum rate formula as prescribed in the new legislation, as you know,

sir, and with the mechanics by which it will be applied. It is to that aspect of this section that I address myself for the next few moments this afternoon.

As has been said by other members of the house, including myself, without the costing data from the railways that the western provinces have repeatedly asked for it has been extremely difficult, in fact well nigh impossible, to assess the impact of the maximum rate formula correctly. The west was unhappy with section 329. The west is not unhappy with the way section 329 was amended. But the west is unhappy with much of section 336.

As I have said, in the past few years my province has been in the vanguard of the fight to develop in this country a comprehensive, efficient and progressive transportation policy and a national transportation approach. I think the minister will concede that point.

• (4:40 p.m.)

Some of the most reasoned and articulate arguments advanced with respect to transportation before this house and before the standing committee on transportation during the past five or six years were prepared by the province of Manitoba which worked in concert principally with the other western provinces. No one would disagree that Manitoba has played a signal role in the vanguard of the fight for a better transportation system and policy, and nowhere has its role been better demonstrated than in the major brief which it submitted to our standing committee last fall.

That brief was probably two to three years in preparation and represented some seven to eight years of application and study on the part of the Manitoba transportation people and members of the provincial administration at the research level. I think it would be presumptuous of me, and highly wasteful of the time of hon. members, if I were to try to express my own opinions and attitudes about this question to the exclusion of the specific formal arguments already advanced by my province. Therefore I beg the indulgence of the Chair and the committee to permit me to read into the record specific statements, recommendations and conclusions contained in the Manitoba brief. That brief contains so much expertise and so much sound and valid judgment that I do not think it should be pigeonholed at the standing committee level. I could not improve on it and therefore will refer to specific passages in it.

Two transportation consultants from the United States were retained by the province of Manitoba in the course of preparation of the brief. They were university professors, Professor D. H. Borts and Professor Ernest W. Williams Jr. Their expertise and experience were heavily relied upon during the course of the deliberations in which the Manitoba transportation people engaged and a good deal of their research and conclusions were imbedded in the arguments advanced in the Manitoba case.

There was complete compatibility among these two professors, the experts from the provincial administration, and the legal counsel retained by Manitoba who contributed to the drafting of the brief, in regard to the contention that new section 336 contains a great many flaws and weaknesses and is inequitable in its treatment of the maximum rate formula, the application of that formula, and its provisions relating to a captive shipper and the identification of a captive shipper.

On this point I would like to refer to the Manitoba brief:

> Two aspects of section 336 require attention. First, the applicability of the maximum rate formula which involves the definition of a captive shipper and the determinability of a captive shipper. Second, that dealing with the formula itself.
>
> The royal commission in dealing with this problem recommended that all shippers should have the right to declare themselves captive. At page 104 (page 52) volume II, the commission stated:
>
> "The decision to seek captive status must rest with the shipper. His reasons for initiating the action will be dissatisfaction with the rate he is forced to pay."
>
> The legislation, as presented, envisages that even shippers who are now manifestly captive must establish this fact by special application to the commission. It is difficult to understand why the legislation requires that those intended to benefit from the royal commission recommendation be subjected to this difficulty of establishing their right to a maximum rate. It should be remembered that the royal commission designed the formula as an alternative to the present class rate structure. All shippers in Canada have the right to a class rate on the movement of their own commodities and this right does not entail an obligation to ship a given portion of their goods.
>
> The commission at page 110 (page 55) stated:
>
> "...Our problem, as we see it, is to attempt to substitute a more realistic method of maximum rate control for the traditional class rate maximum, which will protect the captive shipper and not limit the operation of commercial principles in the growing competitive sector."
>
> The royal commission on a number of occasions referred to the Freight Rates Reduction Act. This act in itself was evidence of the parliament of Canada's determination that class and non-competitive commodity shippers were at least shippers to whom the term "captive" could apply because

it was these shippers that the parliament of Canada determined should be relieved of the excessive burden caused by the last general freight rate increase in 1958. We are now advised in the provisions of Bill C-231 that the only captive shipper is one in respect of whose goods there is no alternative, effective and competitive service by a common carrier other than a rail carrier...

We are now faced with the situation where it is suggested that the only likely recipients of protection under the legislation are class rated shippers who represent 1 per cent of the tonnage carried by Canadian railways.

This was a point stressed in a telegram sent to the Prime Minister by the premier of Manitoba, the Hon. Duff Roblin, in concert with at least one and possibly both of the premiers of the other prairie provinces, at the time that the standing committee on transportation was considering the Manitoba brief last fall.

The brief continued:

In the 1965 waybill analysis the class rated traffic represented 1.7 per cent of the tonnage and approximately 4.6 per cent of the total revenues of the railways. If we are to accept this position we must assume that the intent of the legislation is to leave, without any control mechanisms, approximately 98 per cent of the traffic. In addition, members of the committee must remember that the existing class rates are, in fact, the maximum which the railways are permitted to charge any shipper in Canada.

These are rates granted to the shippers not by the gratuitous act of the railways, not by contract, but by the regulatory authority. If the above definition of captivity is to be accepted, there would be introduced a most alarming concept into rate-making in this country. We would have a situation where the present class rates are done away with, where all rules and regulations relative to unjust discrimination and unreasonableness of rates are eliminated, where a new maximum rate formula is introduced, the impact of which is unknown since cost data has been denied.

• (4:50 p.m.)

Both United States experts to whom I have referred made similar comments with regard to the maximum rate formula and the difficulty a captive shipper has. They made submissions to both the province of Manitoba and the standing committee on transportation. I believe it is important that some of their arguments be read into the record now. The submission made by Professor Borts had this to say on the subject, under the heading "definition of captivity":

Under the section 336 of the Bill C-231, a shipper of goods may request the commission to determine the probable range within which a fixed rate would fall should the shipper choose to apply for captivity. After being informed by the commission of the probable rate, the shipper may apply to the commission for captivity and the commission, after investigation, may fix a rate which is determined by the rate formula. The weakness of this provision

[Mr. Sherman.]

is that there is only a vague criterion specified by which the commission may decide whether a shipper is worthy of captive treatment. This vague definition is provided in the opening words of the section, where it is said that:

"a shipper of goods for which in respect to those goods there is no alternative, effective and competitive service by a common carrier other than a rail carrier or carriers or combination of rail carriers may, etc."

There is no specific pinpointing of the definition or criteria to be used in respect of a captive shipper under that terminology.

It is very difficult to specify what is meant by the absence of alternative, effective and competitive service. From one point of view, there is very little competitive service in Canada, where there are only two railway systems to begin with, and where truck lines are also owned by these very same railway systems. While there may be a wide range of services which are technologically effective they may not be economically competitive. On the other hand, we know that the rails have lost traffic to the trucks so we know there are shippers with alternatives. The difficulty is how to define the absence of such alternatives. This opening section 336 (1) is faulty in not indicating what constitutes the absence of alternative service.... The traffic which is truly captive in the economic sense consists of heavy loading commodities which find the railroads more advantageous than truck because of the present technology and cost of rail and truck operations. This represents such a broad category of traffic, however, that it is probably best not to tie up the time of a commission staff in deciding who is and who isn't economically captive. The best way to define captivity is through self-declaration by the shipper. Any shipper should be free to ask the commission to specify a rate which he would enjoy if he should declare himself captive.

Then the submission continues:

In determining the rate to be charged captive shippers, the commission is instructed to fix a rate equal to the variable cost of the carriage of the goods and an amount equal to 150 per cent of the variable cost.

I submit that this is a thoroughly charitable arrangement under which the railways are permitted to operate. It would be a fairly generous arrangement if any business or entrepreneur were in the position of being paid 150 per cent over and above his variable costs in a given competitive commercial situation. No satisfactory answer has been given to members of the standing committee or members of this house concerning the procedure that was followed in arriving at the figure of 150 per cent. No one has pinpointed the source of that figure, nor has anyone explained why it should be 150 per cent. Nevertheless, that happens to be the rate which now, presumably, is to be embedded in this legislation for all time to come.

Mr. Borts in his submission points out that the legislation sets out a very complicated cost

formula, the effect of which is to provide a mark-up of 150 per cent over variable cost for shipments of 30,000 pounds. For shipments of larger than 30,000 pounds the peculiar provisions of this formula pile mark-up upon mark-up, because the economies of heavy loading traffic are not reflected in the artificial variable cost concept to be calculated. In an earlier submission to the Department of Transport by eight provinces, an analysis of the cost formula revealed that the mark-up over variable cost varied from 150 per cent of variable cost on a 30,000-pound load to a mark-up of 600 per cent of variable cost for a shipment of 140,000 pounds. The percentage mark-up over variable cost rose continually as carload weight rose because of the failure of the rate formula to take account of the economies of heavier loads.

This, Mr. Chairman, is the nub or focal point of the whole argument of the west in respect of this section, that is, that the provisions of the maxium rate formula as presently envisaged by this legislation militate against economy and efficiency in a normal business sense from the point of view of both the railways and the shipper. No account is taken of the possible economies or benefits which might accrue from the heavier loadings. In fact a mockery is made of the heavier loadings and the economies possible from such practice. The maximum rate formula as proposed in this legislation destroys any incentive for rail efficiency in this regard.

At this point I should like to refer to a specific argument which is incorporated in the Manitoba brief. I should like to quote this directly in order to emphasize the point:

> —the proposed formula in Bill C-231 would create a most inequitable situation. The formula includes a fixed percentage (150 per cent) above variable cost, which percentage is related to no known factor. If the costs of the railways increase by $1 the shipper's maximum rate will increase by $2.50 (150 per cent). It similarly would destroy any real incentive for improving rail efficiency since for each reduction in unit cost of $1 the railway would be subject to a $2.50 loss in revenue. This was not the decision of a commission directed to determine inequities in the railway freight rate structure—to relieve the burdens on captive shippers and to recommend policies for achieving more efficient operation of the transportation system of Canada.

There is extensive and intensive evidence and weight of argument contained in the submission by the province of Manitoba to which I have referred to buttress the argument I am attempting to advance on this occasion to the effect that section 336 with its provisions respecting the maximum rate formula and the captive shipper will militate against the best interests of the competitive economic system and the benefits which should accrue from that type of system to the shippers and the railroads of western Canada as a whole as well as to the economy of western Canada in general.

• (5:00 p.m.)

On the same subject the following is what Professor Ernest W. Williams had to say:

> The concept of a formula based upon a 30,000 pound carload—

This is the basis for the maximum rate formula in the legislation.

> —advanced by the royal commission is at variance with that commission's apparent objective to afford a measure of protection against the undue imposition of overhead burdens upon shippers where they lack an effective economic alternative to rail transport. It appears to me, also, as undesirable to incorporate in a statute a fixed percentage to be applied over variable costs. The relationship between variable and total cost in a railroad system is likely to change over time and it ought not to be necessary to amend a statute in order to recognize such a change. The origin of the 150 per cent is not adequately explained in the report of the royal commission but the mark-up over variable cost required by the railways ought to be related to their revenue requirements which will change over time. Bill C-231 is silent on this point.

Later Professor Williams submits:

> Shippers have traditionally been entitled to just and reasonable rates from common carriers without regard to the presence or absence of competition.

The following is also stated later in his submission:

> The proposition that competitive reductions in rail rates designed to meet competitive forces outside the control of the railways may be tied to an undertaking by shippers to forward traffic by rail is sound and is one of the important advantages of the Canadian agreed charge system. But it is far from equally clear that a shipper should be required to commit himself to the movement of his traffic by rail as a condition for securing a reasonable maximum rate in the place of one which exceeds the standard.

When I spoke on this and related subjects on December 21 I made the point that the maximum rate formula and its application were a source of considerable concern to a number of us on the standing committee because it seemed to us that under this particular clause of the proposed legislation the railways were being given carte blanche to charge whatever the traffic would bear in western Canada. It certainly seems to me and to those who worked on the preparation of the Manitoba brief that this is a situation and attitude which are hardly conducive to a healthy economy in western Canada.

I have a chart here from which I should like to quote to illustrate some of the tremendous advantages of mark-ups and profits which accrue to the railway company where heavier car load shipments are involved. The legislation as it is presently worded provides that the maximum rate imposed on a captive shipper shall consist of the variable cost plus 150 per cent on 30,000-pound carload lots. As the lots increase in size the variable costs really go down from the point of view of percentage. The maximum rate a shipper must pay also goes down fractionally, but the mark-up over the variable cost and the profit to the railway go up by astronomical amounts.

As the Manitoba brief pointed out, the maximum rate formula in Bill C-231 does not give the shipper the benefit accruing from the reduction in unit cost because of heavier loading. The committee might be interested in some of the percentages and specific mathematics which illustrate that point. Based on 150 per cent of variable costs on 30,000 pounds the proposed formula results in a 6.6 per cent reduction in rate on 50,000 pounds, 9.9 per cent on 70,000 pounds, 11.5 per cent on 90,000 pounds and 12.6 per cent on 110,000 pounds. These data are taken from the Interstate Commerce Commission figures for the United States, based on a 500-mile haul.

Under the maximum rate formula provided by Bill C-231 the maximum rate for 30,000 pounds is 1.82 cents per 100 pounds and the maximum rate for 120,000 pounds is 1.59 cents for 100 pounds. The rail revenue per car is, therefore, $546 for a 30,000-pound movement and $1,908 for a 120,000-pound movement. What should be particularly noted is that a shipper of a 30,000-pound carload is required to contribute only $328.20 per car toward the railway overhead whereas the shipper of a 120,000-pound carload is compelled to contribute $1,615.20 per car.

The production of a more equitable maximum rate formula requires that one or more of the assumptions on which Bill C-231 is founded must be changed. That is suggested by the Manitoba brief and is an argument to which I entirely subscribe. The brief states that it is necessary and that the formula requires revision both to reflect the economics of the heavier loading and the percentage relationship of the contribution to total variable costs.

As further illustration of that particular point I should like to refer to a chart which I have in front of me, prepared by Professor Borts. It is an assessment of the development of maximum rates and mark-ups over actual variable cost in Bill C-231 and is based on Canadian Pacific Railway costs in 1953, as derived from the royal commission report, on a 500-mile haul. It gives the following breakdown. On a 30,000-pound carload lot the variable cost, which includes the cost of money, is 50.2 cents; the mark-up over the actual variable cost in that case is 150 per cent. When the carload lot goes up to 50,000 pounds the variable cost goes down to 34.1 cents. The mark-up over the actual variable cost goes up to 246 per cent. At 70,000-pound carload lots the variable cost is reduced to 27.2 cents. One of the natural laws in business is that there is an economy to be derived from heavier loading, but the mark-up over actual variable cost and the profit to the railway goes up.

This chart pursues this argument through various levels of carload lots and finally demonstrates that a carload lot of 130,000 pounds has a variable cost of 19.4 cents—

The Deputy Chairman: Order, please. I regret to interrupt the hon. member but his allotted time has expired.

Mr. Pickersgill: Mr. Chairman, if the hon. gentleman does not propose to continue at great length perhaps it would be desirable to allow him to complete his remarks in order that his argument will be all in one piece.

The Deputy Chairman: Is there unanimous consent to allow the hon. member to continue?

Some hon. Members: Agreed.

Mr. Sherman: I thank the minister and members of the committee for their kindness in permitting me to continue. I really am coming to a conclusion and I will take only two or three more minutes of the committee's time.

I was making the point that in respect of a 130,000-pound carload lot the variable cost comes down to 19.4 cents. This is a reduction in the variable cost from that for a 30,000-pound load of 30.8 cents. The variable cost has been constant through all these figures at $1.26. The maximum rate is based on the 150 per cent formula. The mark-up over the actual variable cost and profit to the railway is 467 per cent.

The conclusion one must inevitably draw from these figures is that it is not worth the railway companies' time and, therefore, not in their best interests to strive for efficiency in rail loadings.

• (5:10 p.m.)

If their variable cost is reduced, under the formula as it is presently constituted and composed their mark-up, their margin of profit is reduced by a far more substantial amount. The degree and speed with which the mark-up rises would reflect itself in the reverse; the mark-up would be reduced in equally dramatic fashion if the railway were to reduce its costs and bring the figure for variable costs down to a more reasonable level and practice these rail efficiencies which are vital to the improvement of the transportation system of this county. Therefore we argue that the formula as it is designed militates against those economies and prevents the shippers and the railways themselves taking advantage of the economies of heavier loadings. There are not economies of heavier loadings in the section as now written.

Finally, Mr. Chairman, I wish to return to the subject of the captive shipper and the definition of "captive shipper". It is a subject to which I referred in my initial remarks in this debate on December 21. The experts who prepared the Manitoba presentation and argument felt that the wording in new section 336 (1) is entirely unsatisfactory on the subject of the captive shipper and the definition of "captive shipper". They felt that it does not in fact properly define a captive shipper at all, and takes away and denies much of the protection that was supposed to be embedded in this legislation for various shippers in the country as a result of the studies undertaken by the MacPherson royal commission, which as we know really led to the developement of this legislation.

I would therefore propose, in line with the proposal that has already been made by the administration of Manitoba through its brief presented to the standing committee, that a new subsection be written into new section 336. I am not at this juncture proposing it as a formal amendment, but I suggest that while debate on this section continues it might be advantageous if hon. members on both sides of the house would give some thought to a subsection that would more clearly define a captive shipper. I request the continued good will of the minister in this respect and ask him to ponder the suggestion during the next few minutes while debate on this section continues. The amendment I suggest is that a new subsection be added as subsection (2) of section 336 as follows:

A shipper of goods in respect of which the rates in effect on the 1st day of January, 1965, were class and commodity rates subject to the Freight Rates Reduction Act, shall be deemed to have no alternative, effective and competitive service by a common carrier other than a rail carrier or carriers or combination of rail carriers.

Mr. Olson: Mr. Chairman, I was keenly interested in the remarks of the hon. member for Winnipeg South because I was wondering whether he had courage enough to try to alter new section 336 so it would serve some useful purpose in this bill. I have looked at this section very carefully and considered many ways and means of trying to improve it. I have considered moving amendments to the section which would provide some effective maximum rate control where it is needed. I am sorry to advise the commmittee that I do not believe the section can be repaired. Therefore I propose to move later that it be deleted from the bill. I say this knowing full well that there are shippers in Canada who are completely dependent on railway freight services for the operation of their business.

I suggest that there is no effective maximum rate control provided in section 336. I have reached this conclusion in view of the discussions we have had a number of times on this question. Fictitious loading factors are used, such as 30,000 pounds, and there is an allowance of 150 per cent above the unknown variable costs that goes into this formula. Therefore it seems to me we would be better off without it.

On December 20 I dealt with this matter very carefully and outlined what I thought to be the weaknesses in section 336. I gave those reasons to the house when the bill was first returned from the standing committee on transport and communications. I do not intend to repeat all those arguments because the minister and the members of that standing committee know that during the course of the debate in the committee I attempted to obtain certain cost date that I regarded as essential in order to calculate what would be the effect of the passage of this bill. I failed to convince the members of that committee that it was essential and that we had the power to send for it. I am sorry that happened but nevertheless that is the case.

Having considered this clause and compared it with clause 16, which has been dealt with during the course of this debate and was considered by the standing committee, I am convinced that if section 336 in clause 53 were deleted the entire reliance for maximum rate control would be placed in clause 16. In my opinion that would be far, far better than trying to make a shipper who thinks he may be captive prove captivity under the definition

in this clause and, even if he did, to have this formula applied.

I believe this section is useless. If it were deleted the shippers of Canada would rely entirely on clause 16 if they wanted to appeal against a rate being demanded of or imposed on them. I think it would be well to draw the attention of hon. members of this committee to the wording of clause 16 so they will understand what I am arguing. I hope they will agree with me; I also hope the minister will agree with me. If it is proven that the public interest if affected there is, of course, authority under clause 16 given to the new transportation commission, first, to investigate the matter and then, under subclause (4) of clause 16, it has the power to make an order to remedy the situation. I would far, far rather rely on the wording in that clause than I would on the wording in section 336. Clause 16 (2) provides:

> Where a person has reason to believe—
>
> (b) that the effect of any rate established by a carrier or carriers pursuant to this act or the Railway Act after the commencement of this act, may prejudicially affect the public interest in respect of tolls for or conditions of the carriage of traffic—

And so on. In that event the shipper may make application to the transportation commission for leave to appeal the rate. If the commission is satisfied that a prima facie case has been made it is obliged to make an investigation of this matter. After that investigation is made the provisions of subclause (4) will apply. Subclause (4) reads as follows:

• (5:20 p.m.)

> If the commission, after a hearing, finds that the act, omission or rate in respect of which the appeal is made is prejudicial to the public interest, the commission may, notwithstanding the fixing of any rate pursuant to section 336 of the Railway Act but having regard to section 334 of that act, make an order requiring the carrier to remove the prejudicial feature in the relevant tolls—

We argued long and hard with the minister to have something of this nature included in the act, and now it is here. However, what I fear is that if the provisions of section 336 are left in the act and a shipper feels he is paying an unreasonably high rate, a rate which may be discriminatory or, in other words, a rate higher than that paid by another shipper on the same commodity and under similar conditions, the commission may refer him to section 336 in which a remedy may be found. But there is no effective remedy to be found in it. As far as we can determine the maximum rate in applying the formula and the factors included in section 336 would be of absolutely no benefit. We are unable to make any calculations because we have not been provided with data on the so-called variable costs so that we cannot establish what the rate might be on certain commodities in relation to the present rate.

As I said over and over again in the committee, I think that members of this house not only have the right but have the responsibility to ascertain what the effect of the legislation is likely to be. In other words, we should have sufficient information to enable us to anticipate what will be the various fluctuations in the rates, or at least some samples of the rates if the new law that we are being asked to pass is in fact applied. We cannot do that without all the factors used in the formula and the variable costs which were requested. There were some samples respecting sulphur, lumber, steel, dressed beef and so on, and I moved a motion in this regard. We were not asking for specific rates that were being charged by the railways to any specific shipper but we wanted to have samples so that we could use the 30,000-pound base, with changes in the loads to 50,000 pounds and 70,000 pounds, and add the 150 per cent provided under section 336 to see what the end result of these calculations would be. We cannot do this because we do not have the variable costs which are so essential in these calculations.

One other important reason in support of my argument is that the president of the C.P.R. and the chairman of the board of the C.P.R., as well as the minister himself, said before the standing committee that they could not think of anyone who would qualify as a captive shipper. The only point which the minister would concede was that someone who paid class rates might be considered a captive shipper. The minister knows very well that less than 5 per cent of the freight being moved at present is charged at class rates. He knows also that some of the other class rates in effect today are as much as five or six times the normal rate that is in effect. I can think of a few examples such as coal. I do not have the exact figures in front of me but it seems to me that the class rate on shipments of coal from Alberta to a point in Ontario is approximately $33 a ton and the rate that is being charged is around $8 a ton. This means that the class rate is 400 per cent higher than the normal rate being charged today. If only shippers who ship at class rates are able to qualify as captive shippers, whom is this clause going to protect? We know that less than 4 per cent of the traffic is being moved at class rates.

The section will not assist the western provinces and the maritimes in gaining access to the markets of central Canada. The minister and the senior officials of the railway companies have convinced me that section 336 will not be used. Therefore, as I said at the outset, I would far rather see maximum rate control vested under clause 16 than under section 336.

One of the problems regarding maximum rate control, in addition to those outlined by the hon. member for Winnipeg South, is that we are going to transfer to the rate-makers in the railway companies a far greater control over the economic expansion of Canada than they should have. I say that because this so-called complete freedom to set rates and to compete will be in the hands of these people. I can see nothing in this bill which will stop them from giving advantageous treatment to certain companies and certain areas to the disadvantage of other companies and areas, especially in light of the numerous investments they have.

Mr. Pickersgill: I wonder whether I could pose a question to the hon. gentleman? Is the opinion he has just expressed based on the assumption that if this legislation is passed and the railways are free to set their rates they can keep those rates secret?

Mr. Olson: No, Mr. Chairman, I do not assume that although I would feel relieved if I knew that all the rates charged to shippers would in fact be public knowledge.

Mr. Pickersgill: If the hon. gentleman does not mind this interruption let me say that I had a feeling, during the earlier debate on clause 16 when the hon. gentleman was not in the committee, that several hon. members seemed to have some doubts on this point. I did not rely on my own knowledge of the law, although it turned out that my impression was correct, but checked with the law officers, not merely in my department but also in the Department of Justice, and was assured that under the existing law agreed charges or any other freight rates of the railways have to be published so that all shippers know what they are. Therefore it would appear to me to be quite impossible for a railway company to give an undue advantage to some company in which it had a pecuniary interest without another company being able to take advantage of the same rate, and if it could not do so it could have recourse under clause 16. That is the precise reason that it is there. I think I can safely assure the hon. gentleman that no freight toll now, under the new legislation, or under the Transport Act where agreed charges are authorized, is valid unless it is published. They all have to be published.

• (5:30 p.m.)

Mr. Olson: I am very pleased to hear that because at least other shippers will know about these rates. I thank the minister for that information.

Let us take the next step. Suppose a subsidiary of the Canadian Pacific Railway Company has a lower rate for a like commodity for a like distance. What do other shippers do about that? Do they have to prove public interest or will they apply to the new transport commission under proposed section 336 to have a maximum rate applied to them?

Mr. Pickersgill: I think there would be no doubt that they would apply under clause 16. The hon. gentleman may not be aware that an amendment to clause 16 was adopted by the committee which, without attempting to define public interest in its totality, did define it to include the undue advantage provision that is in the latter part of the clause. Therefore all these shippers would need to allege—they would not need to prove it in order to get a hearing—would be that there was an undue advantage being given to some other shipper. Then they would have a case before the commission which would have to be heard.

Mr. Olson: This is very useful information. I am pleased to learn that clause 16 has been amended in such a way that it will restore, at least in part, the traditional and ancient claim of discrimination. The Board of Transport Commissioners has been dealing with these claims over the years. What the minister has just said with respect to the publishing of all rates, no matter to whom they are charged, and also the amendment to clause 16 under which shippers can make a plea on the basis of discrimination, as well as the fact the commission will have authority to make an order as to a remedy, add weight to my contention that proposed section 336 should not be in the bill.

Clause 16 has been amended in such a way as to restore some of the authority the Board of Transport Commissioners now has to deal with claims of discrimination but I think there should be other things included in that clause. For example, it should contain a provision that there shall be no rate higher for a shorter haul than for a longer haul for the same commodity in like circumstances. However, whether or not that is written into the

law I hope this new commission, in its wisdom in deciding upon an order to remedy a situation, will take this factor into account. Perhaps in the initial stages we could rely on that.

I do not want to delay the committee any longer, Mr. Chairman. I have made the same argument in the standing committee. If hon. members would like to look at it they will find it in the proceedings for December 20. I argued that the provisions and formula contained in proposed section 336 afford no protection in so far as effective maximum rate control is concerned. I hope, therefore, that the minister and his colleagues, as well as members on this side of the house, will support this argument and the amendment I now intend to move. It is a very simple one. I move:

That section 336 of clause 53 be deleted.

Finally, Mr. Chairman, I should like to repeat what I said earlier, that so far as effective maximum rate control is concerned it would be far more beneficial for shippers to rely exclusively on clause 16 than to have the new transport commission refer them to proposed section 336 and try to apply the formula there or use the calculations based on that formula.

Mr. Pickersgill: I just want to say very briefly that I could not support this amendment, although I must say that the hon. gentleman has made a very ingenious and rather effective argument. I agree with him that clause 16 of the bill, in the form in which it now is after amendment by this committee, will be of more interest to many more shippers who may feel that their competitive position does not enable them to negotiate a fair rate than would the proposed section 336. However, I do not believe the proposed section 336 is open to the objections the hon. member suggested as his reason for taking it out.

I say quite frankly, as I did in committee, that I do not believe many shippers who are now shipping under commodity rates would be likely to find much relief or much benefit from the proposed section 336. Someone will no doubt correct me if I am wrong, but if I recall correctly about 5 per cent of the volume and 1½ per cent of the value of railway revenue—it may be the reverse—is derived from class rates. Considering the enormous volume of goods carried on the railways of Canada, I do not believe we should even ignore this minority of shippers who are now paying the real maximum rates under the present law, that is, the class rates. Some of these shippers might be left unprotected because they would not be in a position really to compare themselves with anyone else. The rates they would be paying would probably be exactly the same as their neighbours would pay under like circumstances. I think it would be leaving a group of shippers with relatively small bargaining power without protection.

At the moment I am not going into the merits of the protection. However, the hon. member for Winnipeg South referred to the evidence given by Professor Borts. I am not going into that evidence at any length, but I suggest to hon. members who are particularly interested in this subject that they look at pages 2895, 2896 and 2897 of the proceedings of the committee for November 24. Professor Borts made a considerable analysis of the situation. It is true he did claim he did not have enough data to make his analysis, but he did make a considerable analysis. Perhaps I could just quote what he said:

Here we discovered that there were categories of high-rated traffic which might very well have an inducement to seek captivity under the bill. These consist of high-rated traffic in the tonnage category from 15 tons up to 35 tons.

• (5:40 p.m.)

These would be small shippers. I feel it would be a mistake, if there is some protection here, to take away that protection. I believe there is some protection in this section, though I agree with the hon. gentleman, not for shippers of bulk commodities. There might be in an isolated case but not in one that has been drawn to my attention. In areas where there are lines of railway but no roads and therefore no trucking service, a shipper would be at the mercy of the railways and the conditions under clause 16 might conceivably not be considered by the commission to apply.

Mr. Olson: May I ask a question? Clause 16 (4) says that the transportation commission shall have the authority to make an order removing the prejudicial feature in the relevant tolls or conditions which are specified. If the tolls were found to be over the 150 per cent of the variable cost, then under this provision does the commission not have authority to remedy the tolls and to move them below the 150 per cent?

Mr. Pickersgill: Certainly that is my opinion. Therefore I think that if we took this section out and deleted the reference to 150 per cent there would be no direction of any kind. It does not appear to me—

Mr. Olson: I was referring to clause 16, not the proposed section 336.

Mr. Pickersgill: I appreciate what the hon. gentleman says, but I do not think there is any conflict between the two clauses. I think they are both necessary to protect shippers. I do not think there would be any danger of the commission, in the case of someone who went before the board alleging, for example, that he was under an undue disadvantage, doing anything if it agreed with him, but insist that his rate be the same as the rate for the person who, in his opinion, had an undue advantage, if that was found to be the fact. This is now written into both parts of clause 16, the prima facie part and the second part. It might be that there would be some shippers who, because of their intrinsically captive shipper status and because they were small, could get a rate which in some cases would be even more favourable under section 336 than the rate they now pay under class rates. Professor Borts came to the conclusion that that was the probability in the case of some of these smaller shippers.

I should not like, by accepting the amendment to delete this clause, to take that potential advantage away when in fact I do not think it would prejudice anybody under clause 16. For that reason I would not care to support the amendment.

Mr. Schreyer: Mr. Chairman, I think there are some good reasons for supporting the amendment. One of the most important reasons for supporting the amendment to delete this section is that the provisions of section 336 are such as to give little real protection to shippers of commodities that are heavy loading. I think it can be said that the proposed section 336 gives a very misleading impression. It gives the illusion of some kind of regulatory control and protection for certain classes and kinds of shippers when the fact of the matter is that it does not. The reason it does not has already been put before the committee by the two previous speakers, the hon. member for Winnipeg South and the hon. member for Medicine Hat.

When this clause was being considered by the standing committee it was regarded in many ways as the storm centre of the whole bill, as being the nub of the regulatory features of the bill, such as they are. The fact is that in certain parts of the country it is obvious that there is still need for adequate regulatory provisions in our transportation legislation and transportation policies. It may be the case that in some parts of the country there has grown up in the past decade or two massive, pervasive, intermodal competition in transportation that enables the authorities, government, to relax or reduce their reliance on regulation. But in other parts of the country this so-called pervasive intermodal competition in transportation simply does not exist for many commodities.

We should certainly have more adequate regulatory provisions than those provided in section 336. In the final analysis I think it would be better to delete the section so that there would be no mistake, misunderstanding or self-deception, and the shippers who did seek some kind of protection would be able to fall back on clause 16. If there is any real, meaningful regulation in the bill at all in this regard it is to be found in clause 16, not in this clause. I think the hon. member for Medicine Hat was right in the main contention he put forward.

One of the main faults with section 336 is that it does not give an adequate definition of a captive shipper. The purpose of this section is to enable captive shippers to apply to the commission for a maximum rate or for rate control which will afford them some kind of protection against unduly high rate charges by the railway companies. If this is the purpose of this section it is deficient in that it does not go on to stipulate or adequately define just what a captive shipper shall be.

The minister has repeatedly refused to give any consideration to a more precise or adequate definition of the term "captive shipper". In the event that someone does succeed in demonstrating to the commission that he is a captive shipper and asks the commission to set a rate, the formula which the commission shall abide by in setting a rate is one which, I submit, this parliament is not in a position to evaluate. I have said that on at least two previous occasions during the debate on this bill, I think during the debate on clause 1, and I now repeat it.

The reason that this committee is not in a position to evaluate the effectiveness, fairness or justice of the formula is simply that the necessary costing data which the committee requested were refused. In the committee stage of the bill a formal motion was made asking that this data be made available by the railways but it was rejected. Who, therefore, is in a position to say that the formula, based as it is on the 30,000-pound carload standard and allowing for variables, can be computed on that arbitrary weight standard if you allow

a 150 per cent mark-up on the variable cost? Who will say that is fair? Who will say that this will give us an effective formula and that it will protect shippers adequately with respect to railway rates?

• (5:50 p.m.)

It has been repeated many times that the railways are obtaining larger and larger equipment capable of hauling heavier loads. What justification is there for imposing a maximum rate formula based on a 30,000-pound carload standard? Often commodities are hauled by the railways in loads of 90,000, 120,000, 130,000 and 140,000 pounds. The tables the minister has seen show that. If we have a formula based on a 30,000-pound carload standard and if we allow variable costs plus 150 per cent, on that basis it will mean that the railways will make a 150 per cent mark-up on a shipment of 30,000 pounds, a 300 per cent mark-up on a shipment of 70,000 pounds and over 400 per cent on a shipment of 120,000 pounds.

Where is the realism? Where is the common sense in having in the bill a section with a maximum rate that will allow the railways, in some instances, a mark-up of over 400 per cent? I suggest that this section looked at in that light, and it must be looked at in that light, is absurd.

The minister heard practical suggestions in the briefs of counsel appearing for the three prairie provinces to the effect that the definition of captive shipper in section 336 be altered and redefined. The Manitoba and Alberta briefs recommended that the basis on which the formula shall be established shall not be an arbitrary 30,000-pound standard but the actual variable costs. It was suggested that the railways be allowed a mark-up consistent with a reasonable or permissible level of earnings. At this point in the committee hearings the minister made that famous remark, which on reflection I am sure he must regret, that the idea of a fair return being used as a basis for regulation is, and I quote his words, "a mediaeval notion".

Mr. Pickersgill: Would the hon. gentleman mind quoting what I actually said?

Mr. Schreyer: Is the minister prepared to deny that he said that the notion of a fair return was mediaeval?

Mr. Pickersgill: No, but I do not recall having said any such thing. What I said, I think, was that the notion of a fair price as opposed to a price established in the market was a mediaeval notion. I am an old historian, sir, and when I used the term "mediaeval" I did not mean the nineteenth century. I was talking about the Thomist philosophy, the notion of a fair price. I said that it did not appear to me that you could determine a permissible earning in the competitive field, and I did not know how, when you allowed the railways to compete in a large sector and regulated them in a small sector, you could divide their profits, how you could segregate the profits from the market sector and the regulated sector to determine what would be permissible earnings in the regulated sector. That is a mathematical problem that is so complicated it would take at least until the year 2,000 to work it out.

You could determine that if the whole system were regulated, as with the Bell Telephone Company, for example. But how can you segregate earnings when you say that you will regulate in one sector and allow competition elsewhere? I do not know how you will achieve that. Permissible earnings would make nonsense of the concept of competition. How can you say that you will have competition but there must be only permissible earnings? You do not say that to the Aluminum Company; you do not say that to the western farmers. Surely the distinction is obvious.

I do not think the hon. gentleman should talk about two statements that I made on different occasions and put parts of them together, thereby representing them as though they were one statement.

Mr. Schreyer: I must confess that I did not hear the minister's reference to Thomist. The proper thing, I realize, is to accept the minister's word if he denies having made the statement.

Mr. Pickersgill: I have said some silly things, and I do not remember them all. What I said, to protect myself, was that I had no recollection of making the statement, and I gave the hon. gentleman the gist of the statements I recall having made.

Mr. Schreyer: May I call it six o'clock?

Mr. Pickersgill: Perhaps I could speak to you, sir, after you have taken the chair.

The Chairman: Order. It being six o'clock, pursuant to provisional standing order it is my duty to leave the chair so that the house may proceed with the consideration of private members' business.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED

Mr. Deputy Speaker: It is my duty pursuant to standing order 39A to inform the house that the questions to be raised at ten o'clock this day are as follows: the hon. member for Lotbinière (Mr. Choquette), Transport—steps to be taken by the government following the verdict returned about the tragedy at Dorion, Quebec; the hon. member for Timmins (Mr. Martin), Natural Gas—Trans-Canada Pipe Lines—suggested twinning of line in Canada; the hon. member for Parry Sound-Muskoka (Mr. Aiken), Pollution—request for further research into detergents.

• (6:00 p.m.)

Mr. Pickersgill: Mr. Speaker, I have been informed by the whip on this side that there has been consultation among hon. members and it was understood we would forgo private members' hour and return to the business that was under consideration when Your Honour took the chair. It was also understood that before we went back into committee it would be ordered that the committee would rise from seven to eight o'clock and the house would suspend its sittings during that hour. If that is a correct interpretation, perhaps it could be so ordered.

Mr. Deputy Speaker: Does the house agree, first, to suspend the private members' hour for today and, second, that the committee rise at seven o'clock until eight o'clock?

Some hon. Members: Agreed.

Mr. Deputy Speaker: The business in committee will now be resumed.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

On clause 53—

Mr. Schreyer: Mr. Chairman, the deficiencies in new section 336 are such that they simply outrage one's feeling of what is common sense, what is fair and what is reasonable. Unless the minister can give us some assurances, which until now he has not, that certain major changes and amendments will be made, I fail to see any other course but to support the amendment to delete it completely.

In this instance I think there is ample reason for being repetitious. Much of the controversy has been about maximum rate control, and I repeat that unless we can get a more precise and comprehensive definition of a captive shipper this new section really is deficient. Further, unless the minister is prepared to change the formula by which maximum rate control will be applied and abandon the fictitious basis of an arbitrary 30,000-pound carload standard, then the formula will be impossible to apply with any degree of justice or fairness.

Not only should we abandon the arbitrary and fictitious 30,000-pound carload standard but also the formula of variable costs plus 150 per cent. It should be variable costs plus a permissible level of earning relative to cost. This is not something I am proposing off the top of my head on the spur of the moment. It is a concrete proposal put to the minister by counsel for the three prairie provinces and compared with the minister's proposal it is clear that theirs is far better.

I am sure the minister has read volume 40 containing the minutes of the proceedings of the committee on transport and communications on November 24, 1966. On the last page there appears a table of maximum rates prepared by the two experts hired by the prairie provinces to deal with the subject of maximum rate control. In this table they have computed that on the basis of the formula for maximum rate control incorporated in the bill it will work out that the railways will enjoy a mark-up of 150 per cent on a shipment, for 500 miles, of a 30,000-pound carload lot if the shipment comes under the provision of captive as set forth in new section 336. If, however, the commodity is shipped in a 90,000-pound carload lot and the formula is applied, the railways will enjoy a mark-up of 319 per cent, and if the commodity is shipped in a 110,000-pound carload lot and the shipper is captive and applies under this formula, the railways will enjoy a mark-up of over 426 per cent.

Wherein lies the common sense, wherein lies the reason, wherein lies the justice of this kind of legislation? It is actually worse than

nothing because it purports to provide protection when in fact the protection provided is more mirage than reality. It will simply confuse shippers and cause a lot of trouble for nothing.

Mr. Pickersgill: Mr. Chairman, if the hon. gentleman wants to speak on the section and not on the amendment, would he agree to a vote being taken now on the amendment? We could then proceed in an orderly way, whereas we are apt to be rather embarrassed in the next hour if we have not disposed of the amendment.

Mr. Bell (Saint John-Albert): I think the embarrassment will be on the other side of the house. We appreciate the newfound interest in this bill. There are 14 cabinet ministers now present. That is the way it should be but it is a little late. We have agreed to sit for part of the supper hour. This is not convenient to some people but we wish to make as much progress as we can. Some hon. members on this side wish to speak on the amendment and on the new section. The minister has changed his opinion, but this is still the heart of the bill.

Mr. Pickersgill: The amendment seeks to knock out the whole clause, and if it is the heart of the bill I am sure the hon. gentleman would not be that heartless. I was going to suggest that we vote on the amendment. Then we would have the section before us and I think the hon. member for Winnipeg South, if the amendment is defeated, would like to move another one. I just thought it might be convenient to have the vote now.

Mr. Bell (Saint John-Albert): It looks as though some of the members behind the minister are getting a little hungry.

Some hon. Members: No.

Mr. Bell (Saint John-Albert): We feel sorry for them but we have to make just as much sacrifice on this side.

Mr. Pickersgill: Well, you can't blame me for trying.

Mr. Kindt: Mr. Chairman, I am waiting to get the minister's attention since there seems to be a sort of caucus going on around him. I should like him to decode this new section so that I may understand what it means.

• (6:10 p.m.)

New section 336 in part reads as follows:

—to fix a rate for the carriage of the goods, and the commission may after such investigation as it deems necessary fix a rate equal to the variable cost of the carriage of the goods and an amount equal to one hundred and fifty per cent of the variable cost as the fixed rate applicable to the carriage of the goods in respect of which the application was made—

[Mr. Schreyer.]

Surely whoever wrote that could have made it plainer than that. Right from the beginning it is a stupid statement.

Mr. Pickersgill: Well—

Mr. Kindt: Let the minister tell me what variable cost means.

Mr. Pickersgill: I think perhaps I can do that. Of course, I do not have the advantage the hon. gentleman has. I know the hon. gentleman is a trained economist. I am just a historian. So I am sure he will correct me if I am wrong. However, I have had some instruction from economists. I understand that in the railway business, as well as in most other forms of transport, there are two types of costs, one of which is fixed costs. Very briefly, fixed costs are costs which are fixed. That means that they go on whether or not any traffic is moved. I might give an example, and I will stick to the railways. It will be simpler and I do not wish to be stupid and incur the wrath of the hon. gentleman. In the case of a railway I would say that the fixed costs are the rails, the rights of way generally, the telegraph lines which are placed alongside the railway, the stations, the staff which is necessary whether there are any trains at all, and all those persons who are there in any case whether or not traffic is moving.

The variable cost is the cost of moving any particular thing. In the case of a car of coal, for example, it would be the cost of loading the coal, unloading the coal if the railways do that, the pulling of that car from place A to place B or from the Crowsnest pass, if I may dare mention that place, to Vancouver. It would be the depreciation on that car, because the railway would have to obtain a new car eventually. It would include all the costs which could be attributed directly to the actual movement of the goods. These are the things which are called variable costs because they are not fixed; they vary. They go up and down depending on how much traffic there is.

Some people make a good living by arguing about these things. There could be a very nice argument about whether this or that item really should be attributed to fixed or variable cost. I know the hon. gentleman would not want me to go into that. He knows that the field of economics is filled with margins. This perhaps is not so much a margin as it is a

potential overlap. Perhaps my explanation is more stupid than the one contained in the bill but I hope it will help the hon. gentleman.

Mr. Kindt: I thank the minister. In speaking of variable costs, anyone who knows anything about accounting or economics will know that there are many of these twilight items which can be slipped over into the variable cost along with the fixed cost, or a fixed cost can go into variable cost and vice versa. Another point is that one can change the interest rate on depreciation. The minister mentioned depreciation. This could be called a fair cost in one case and not in another. The minister also mentioned the fixed cost in respect of management. If the salaries of management personnel went up, then the fixed cost would have to be changed, if this is considered to be a fixed cost. Is it fixed or variable?

Mr. Pickersgill: I suppose a conductor would be variable and a sectionman would be fixed.

Mr. Kindt: This, my dear man, is the jungle you are in; you are in the forest and cannot see the trees.

Mr. Pickersgill: But I can see the ties.

Mr. Kindt: There is no doubt about it; we are writing an act which we will put into law and then we will expect somebody in the civil service to interpret what are variable costs. What does this mean? I have asked that they be defined. The minister mentioned fixed and variable costs, but there again this has not been nailed down. It is just as nebulous and inaccurate now as it was before he spoke. Yet we are being asked to approve of a section in which this is not defined. There is no definition in respect of these terms in the first part of this bill. There may be a time when someone in this assembly may wish to know what fixed, variable and other costs were taken into consideration in respect of the setting of these rates by the commission. How are they going to make a study and then multiply it by 150 per cent in order to arrive at a fixed rate?

Mr. Pickersgill: It is just a matter of adding 150 per cent.

Mr. Kindt: In other words, count the feet and divide by four. That is the statistical way to do it and that is what is in the bill. I have said sufficient to let the minister know that I am not alone in thinking that what I see here will cause no end of trouble. I am glad to see that the hon. member for Kootenay East is smiling. I do hope that he, who has the good ear, of the minister will fill that ear full of information concerning the trouble there will be in respect of moving coal from the Crowsnest pass to Vancouver and ports on the west coast for reshipment to Japan. I know that the hon. member for Kootenay East is very much concerned about this just as I am. There are some 8,000 people out there who depend on these shipments. The hon. member is a former miner. I know he would never hear the end of it if he went out there and said that something went through here and he did not raise his voice against it. These people out there depend on the shipment of this coal to Japan. The revenue which is coming into the country as a result of these shipments is helping in our balance of payments situation.

• (6:20 p.m.)

I had hoped that a clause would be included in this bill to give our coal shippers some assurance of protection against exorbitant rates, perhaps through determination of a method of defining a captive shipper. When arrangements were made to ship coal to Japan the railway companies gave the impression that when the volume increased to about one million tons per year they would lower the rates. About a year and a half ago the rates were increased by 15 cents and no explanation has been given for that increase. I suppose that when rates are increased following the passage of this measure there will be no explanation given either. The companies will state to the shippers that they must accept the increase. The government will then be asked to pay additional subsidies because the miners must live and to do so they must sell coal.

A great deal of trouble has been taken to obtain contracts in Japan for our coal. This industry is working fairly well under the present set-up, but these shippers must have some assurance that the cost of shipping coal to Japan will not be increased. They must know what the situation will be in order that they can make plans beforehand.

About a year ago I asked the minister to consult with the railway companies to see whether it would be possible to put on a commuter train to move coal from the Crowsnest pass area to the Pacific coast. We have facts and figures which prove that a commuter train could move the coal at a saving of approximately $1.50 per ton. The cost of shipping coal is $5.30 per ton, and the last time I checked a subsidy of $2.73 per ton was being paid. I hope, as do the coal companies, that we can do away with coal subsidies. This

may be one step in accomplishing that. The C.P.R. has a monopoly in that area and has refused to make any concession or give any serious consideration to the establishment of a commuter train.

The minister has said nothing about whether he has made any progress with the C.P.R. in an effort to reduce costs and thereby reduce coal subsidies. The coal companies are interested in decreasing the cost of shipping coal to Japan but until they can do so nothing can be done to reduce subsidies. Perhaps the amount of the subsidies now being paid is considered to be the maximum. If the C.P.R. was anxious to obtain additional business it could do so by cutting the cost of coal $1.50 per ton by the operation of a commuter train.

Commuter systems have been operated in the United States to move coal from Pennsylvania and other parts of the United States to seaports, and it could be done from the Crowsnest pass to Vancouver. The coal operators have presented briefs in this regard to the C.P.R. but to no avail. The whole matter has been taken up with the Minister of Transport who said he would consult with the C.P.R., but apparently the whole idea has been shoved into the corner. In any event no action has been taken.

Those two hon. gentlemen opposite can smile if they like but if the hon. member for Kootenay East can tell me what has been accomplished in this regard I wish he would do so. Nothing has been done that I have heard in regard to lowering the cost of coal by instituting a commuter train operation. The people in these coal producing areas are worried because they feel they will be left holding the bag and not be able to do anything about the increasing costs. Something should be done to fix a maximum rate in respect of the cost of shipping coal.

The minister ought to take this bill back to his officials and have it decoded so that people can understand what it means. I do not understand this particular part and, in view of the explanation given by the minister, I venture to suggest that he does not understand it.

Mr. Schreyer: Would the hon. member permit a question?

Mr. Kindt: Yes.

Mr. Schreyer: Is the hon. member aware that during committee hearings on this bill the committee voted nine to eight against a motion to require the railway companies to produce certain cost data in order that it could ascertain what were variable and fixed costs? Had that information been produced perhaps we might understand the formula contained in new section 336. I wonder whether the minister is aware of that fact and what he thinks about it.

Mr. Kindt: Were they government members who voted against that motion?

Some hon. Members: Shame.

Mr. Kindt: That tells another story.

Mr. Côté (Longueuil): Where were you?

Mr. Kindt: I was not a member of the committee. I tried to get on the committee but could not because of the limitation on the number of members. It was a popular committee but I had to rely for my information on its reports. I was in attendance at several meetings.

Mr. Côté (Longueuil): You should have put your experts on that committee.

Mr. Kindt: We now know why the minister wanted to put a time limit on the consideration of this bill in order to get it through before Christmas. He is now anxious to get it through at this time. We should like to see this measure dealt with before very long but surely we should not be asked to pass it as it now reads.

Perhaps I have said enough at this time. Although I have not received any answers to my questions I will yield the floor to the minister.

Mr. Byrne: Mr. Chairman, as an old silicotic hardrock miner speaking to a doctor of political science and economics, let me say that I believe we are better informed and understand better what is meant by fixed and variable costs than the hon. gentleman does. Let me remind the hon. member for Springfield that the subject matter of the motion to which he referred did not relate to variable of fixed costs but rather to how the railway companies arrived at the determination of costs in these areas. The minister has outlined what are considered fixed and variable costs and I do not think there is any difficulty in this regard.

• (6:30 p.m.)

I must remind my hon. friend that the passing of this section would not in any way change the circumstance that prevails in respect of the Crowsnest pass coal rates. Hon. members will pardon me if I am a little hesitant to use the phrase "Crowsnest pass".

Mr. Bell (Saint John-Albert): That's all right; we have heard it before.

Mr. Byrne: However, I have something of a commitment to some of my western colleagues not to give my impressions of what are known as the Crowsnest rates. I am referring specifically of course to the rates that apply to the movement of coal from the Crowsnest pass area and Canmore. Anything that is being done in this bill will not change the circumstance that prevails.

I am sure that if the hon. member were to reflect on the situation for a moment he would realize that this section could not possibly determine the final result of the negotiations between the coal companies and the railway in respect of the coal that is being shipped, and we hope will continue to be shipped, to Japan. The question of moving coal from the Crowsnest pass area to the seaboard is, and I am sure will have to remain, a matter for negotiation between the coal companies and the railway.

The hon. member indicated to the committee that the Japanese are reluctant to enter into long term contracts for coal from Canada because we are at the present time paying about $2.73 a ton in subsidy to the coal companies in order that they may market their coal in Japan. The hon. member has said it has been determined that with the use of integral unit trains coal may be transported for $1.50 per ton less then the going rate of $5.30 per ton. He has said the reduction could be brought about in this way. I would say that a reduction of $1.50 per ton is still not sufficient to make the coal marketable in Japan.

Were the government to determine that this was a freight figure that would make coal saleable, and were we in any way to direct the railways to undertake to carry the coal at a figure which they believe to be non-compensatory, it seems to me we would again be in the position of the government having provided a monetary vehicle upon which the coal would be moved to the seaboard and eventually to Japan. Therefore we would be back in relatively the same position.

In any event if the coal companies in the Crowsnest pass area are captive shippers, there is no relief for them in this section and would not be in any section we could write into the bill. It is a simple fact of economics that if the cost of transportation of coal to the coast, the bulk loading and water transportation, cannot be reduced to a very minimum figure, of course there will be no market. It is anticipated, or course, that an economic freight rate will be arrived at, and that the market will eventually reach 3 million to 5 million tons.

I believe we cannot dictate in this respect when the purpose of the bill is to relieve the railways and other modes of transportation from regulation, and provide for competition. I think the hon. member is aware of the proposal of Crowsnest Industries, which is one of the major shippers of coal to Japan. This company provides almost half of the coal exported from Canada to Japan. The proposal of Crowsnest Industries is to build a railway, which would remove them from the so-called captive shipper situation. They have asked permission of the provincial government to build 70 miles of line from Michel to the border near Eureka, Montana, where transportation would be carried out on the Great Northern Railway. This company has negotiated with the Great Northern Railway a rate which is substantially lower than the C.P.R. finds it possible to quote at this stage. But for the time being the alternative negotiations are being held up through lack of provincial authorization.

Last September during the period of a provincial general election, the government of British Columbia announced that they had brought the parties together, namely the Great Northern Railway, the C.P.R. and Crowsnest Industries, and had more or less settled the question. It was said that the coal would be carried on Canadian Pacific Railway lines to the coast and that everything had been agreed upon. But this was of course simply an election announcement; it just was not the fact. I understand there was some stipulation that seemed to amount to an understanding on the part of the provincial authorities that the federal government would pay a small direct subsidy to the railways. They had omitted to consult the very important fourth party in this undertaking.

The situation at the moment is that the Great Northern Railway Company have quoted Crowsnest Industries a rate for the carriage of coal. Crowsnest Industries have studied the economics of building a railway of their own and have worked out the actual tonnage cost in relation to the capitalization of that railway. They are prepared to go ahead on that basis, but the provincial government have not thus far given the authorization to do so. When the authorization is given, Canadian Pacific Railway may well decide on the rapid construction of integral or unit trains and the economic problem may be

solved in that way. However, negotiations are progressing quite favourably at the moment and will be determined very quickly when the provincial government have decided whether they are prepared to issue a permit.

• (6:40 p.m.)

Mr. Kindt: Mr. Chairman, I listened with a great deal of interest to the remarks of the parliamentary secretary. I am familiar with those things he mentioned because I was concerned in most of the initial negotiations in respect of the shipment of this coal to Japan. I talked to the coal operators who were down here in Ottawa and they told me what the hon. member for Kootenay East has said. May I say that the Canadian Pacific Railway has no competition; it is a monopoly. It is in facing that fact that we will find the answer to many of the difficulties of the coal shippers. Let me go one step further and tell you that when arrangements were made for coal to be sent to Japan, port facilities were set up to load and unload the coal and our thought was that these facilities would not only be used for the loading of coal but also for loading potash shipped from Saskatchewan, and a lot of other bulk products which would spread the cost over the various types of commodities and therefore reduce the cost of loading coal. We were quite willing to agree to a certain rate on bulk loading and we were quite willing to assume that when the volume increased the cost of loading should drop. We had statistics on the cost of moving this coal from the ports on the West coast to Japan. However, now that the Japanese are using their own ships, the rates on the hauling of coal have declined, but the saving is unknown.

The miners said they would not strike and agreed to the $16 or $18 a day which they were getting at that time. We thought that if a chip could be taken off the cost of loading at Vancouver, a chip taken off the profits of the operators when the volume was increased, and a chip taken here and there all along the line, together it would amount to the government subsidy.

The hon. member for Kootenay East said that a difference of $2.73 cannot be made up. Let me remind him that in the beginning it was $4.50. When the former government set the exchange rate on the dollar, that reduced the subsidy substantially. I think that if the government took the bull by the horns and really tried to get rid of the $2.73, they could do so. Let the hon. member for Kootenay East mark my words when I say that in less than a year's time the C.P.R. will be setting rates on captive shippers, who in turn will be asking the commission to fix rates which will be much higher than the $5.30 which is being paid today. I think the hon. member for Kootenay East will agree with me that we are striving to increase our import trade.

Slightly under a billion tons of coal are being shipped to Japan, and a lot of thought, labour and effort has gone into arranging these shipments. We want to expand this trade. If the hon. member for Kootenay East were as successful in getting a commuter train so as to reduce the costs, and get the C.P.R. to put into effect more modern methods, then the people in the Crowsnest pass would be in clover. The only way in which he thinks it can be done is by threatening to establish a railway which would be hooked up to the Northern Pacific. More than once I have been at meetings where that has been discussed, and I agree that this proposal has some merit; but the feeling of everyone, including the government of British Columbia, is that the C.P.R. should put in a commuter train, if there was a clause in the bill which froze the rates. If the C.P.R. rates were frozen until such time as they put in a commuter train, they would have to do it, but until that is done no action will be taken by the C.P.R. For those who are not familiar with the situation let me explain that box cars are loaded with coal in the Crowsnest pass and then wait a few days until a train comes along. They are then hooked on to the train, which may take a week of bumping along before it arrives at its destination at a port on the west coast. The cost of moving coal in that way is very high.

Is the C.P.R. going to modernize and change this obsolete method of moving coal or do they intend to ask the commission to accept the rates and costs as they exist today? These are the problems that I see in the bill. These are the obstacles to doing what I think should be done, namely to facilitate our export trade. But no, embedded in the bill is the provision which enables the C.P.R. to go on refusing to improve their shipping facilities, and as a result we will disappoint those people who are relying upon us as their representatives to find a solution to this problem. We have not got to first base on it. I would be very pleased to hear the hon. member for Kootenay East say that we have.

Mr. Byrne: I believe the negotiations have reached a point where they are very close to a settlement. Certainly the C.P.R. have in mind much more modern equipment than the 1903 gondolas which they are using at the present

time. Any such agreement must require more modern equipment, such as the unit trains suggested by the hon. member.

Mr. Cantelon: Mr. Chairman, first of all I should preface my remarks by saying that I do not agree with the basic premise of the bill; otherwise it might be doubtful as to just why I disagree with section 336. I think that the MacPherson commission, in making its recommendations some years ago, completely misread the conditions existing in our country today. Perhaps I should not say that they misread the conditions, because the commission could not know what they would be today. I do not feel that competition in transportation—certainly in the west and on the Atlantic coast—is sufficient to warrant the conditions that we have set up in the bill, and here I am referring to section 336 in particular.

• (6:50 p.m.)

This afternoon the hon. member for Winnipeg South set forth very pertinent and concise information which I think gives conclusive proof that section 336 is not satisfactory to a great portion of this country.

The views of Manitoba, and those of Professors Borts and Williams, are very well set forth indeed. I must say that I agree with those gentlemen in their consideration of this particular problem. The difficulty with which they were faced was a matter of costing figures. They pointed out that it was impossible to get accurate cost figures because the committee and these gentlemen were unable to get up-to-date costing figures from the Canadian Pacific. The only figures that they could use were those the MacPherson commission had obtained. They then tried to bring those figures up to date as well as they could. They were able to get information from the United States on cost figures, and they tried to relate this information to the situation in Canada. This is one of the reasons we felt that the bill is ineffectual, and that proposed section 336 in particular will not do what it is intended to do.

In particular, I object to this section because it uses the basis of a carload of 30,000 pounds. Having sat in the committee for weeks on end, I know the explanation for the use of this 30,000 pounds. It was used, we were told, because it is a suitable truckload. In my opinion this is a fallacious argument because a railway is not going to use a 30,000-pound load just because the trucking people find it efficient to operate on that basis. I believe therefore the whole of the proposed section 336 is rendered ineffective because that 30,000 pound weight is established as the standard carload weight.

As I said a moment ago, the hon. member for Winnipeg South has pointed out the effect of this on loads of a greater weight, and it could be as much as 400 per cent. The hon. member was only using loads of up to 130,000 pounds, so what the effect would be on the potash shipper who now uses something like 200,000-pound cars beggars description. It certainly would allow the railroads, if they were using this as a basis on which to cost their potash shipments, to charge astronomical rates. I know that they do not do that because they negotiate with the potash shipper, who gets an agreed charge. The trouble there is that there is in effect only one thing that controls the cost to the potash shipper, and that is the law of charging all that the traffic can bear. I do not believe that that is good for the country. I do not believe this is a logical law to apply.

It could be argued that it is better for the railways to make large profits than for the potash shipper in our country, most of whom are financed by United States capital. Some people would argue it is better for the railways to make the profits than for United States capital to make money. I disagree, because if we are going to develop this country we must not have the profits going to the transportation means; they must go to those who are risking their money to develop the country. I am not one of those who feel it is wise for us to restrict the flow of capital to this country by allowing the railways to have the bulk of the profits as a result of charging all the traffic will bear. I would much prefer those profits to go to the potash mine, the iron mine, the copper developer and to the man who is boring the wildcat well. It is far better to have these people get the profits, so they will continue development.

I hope the Chairman does not believe I am away from the topic when I introduce these points, because I do not believe I am. The point I am trying to make is that this proposed section 336 is not a good section and that the 30,000-pounds stipulation should be eliminated. I will go so far as to support the hon. member for Medicine Hat who believes the best thing to do is to get rid of the whole section. I believe that this would be advisable. I agree with him that clause 16 does do everything that this proposed section would do. I do not agree, though, that the phrase "public interest" which is found in clause 16 should

remain in that clause. I believe that phrase needs to be changed, and instead of public interest—

Mr. Pickersgill: I wonder if the hon. gentleman will permit me to ask him a question? Has he had an opportunity, since he came back, to inform himself of the amendment that was made to clause 16 since we were considering it in committee? I believe it largely meets the point he has in mind.

Mr. Cantelon: Is the minister saying that this phrase "public interest" has been removed from clause 16?

Mr. Pickersgill: No, but there has been some definition of it in the amendment agreed to last week.

Mr. Cantelon: If my fears are groundless because of a definition which clarifies the meaning of "public interest", then this does not change the validity of my argument on clause 16. This clause could take over completely from proposed section 336. In fact the amendment would make it all the more certain that the clause would do what I suggest.

I listened to the minister with great interest as he tried to answer some of the objections of the hon. member for Medicine Hat. The first part of his explanation was, as his explanations usually are, crystal clear. I listened to it with enjoyment. Then the hon. member for Medicine Hat asked him a question which seemed to be contrary to what the minister was saying. I found that the minister did not seem to follow along with a clear explanation from that point. As he sometimes does, I think when his argument is weak, he became very obtuse and difficult to follow. I was not able to follow him at all. I consider the minister one of my better friends amongst the friendly enemies we have on the other side, and I always listen with a great deal of interest to his explanations. I usually find them clear, but this time he had me lost completely.

Mr. Bell (Saint John-Albert): Before the hon. gentleman resumes his seat, may I ask him whether, since his return, he has become aware of the fact that the minister, his good friend, tried to wipe out the Crowsnest pass rates yesterday?

Mr. Cantelon: I do not believe I had better say anything about that or he may cease to be my friend. It is seven o'clock, Mr. Chairman.

The Chairman: Pursuant to the order passed earlier this day, I do now leave the chair and the committee will resume at eight o'clock.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 8 p.m.

The Deputy Chairman: Order. House again in committee of the whole on Bill No. C-231. When the committee rose at seven o'clock it was considering clause 336 and an amendment moved by the hon. member for Medicine Hat.

Mr. Cantelon: Mr. Chairman, I had probably made the main points in my argument, but there are a couple of subsidiary ones I should like to emphasize and to which I want to direct the attention of the committee.

As I said before, I feel it unnecessary to repeat the arguments that the hon. member for Winnipeg South so ably presented. It has never been my feeling that as a member of parliament I should just parrot ideas that have already been expressed. Unless I have something new to say, then I do not feel it is necessary for me to say anything at all. However, I believe that there could be a little time spent looking at this proposed section 336, particularly at subsection (2) in which 150 per cent of the variable cost figure is set as a fixed rate applicable to the carriage of goods.

I think it ought to be understood by everyone that this figure of 150 per cent is a pragmatic one arrived at in actual fact by the MacPherson commission. The commission merely took a large number of cases, considered what they thought would be the normal cost factor, and then added to this 150 per cent of the variable cost, feeling that this would set a rather fair rate on which to evaluate total costs. But as I say, it is a pragmatic figure and consequently is open to the usual complaint which may be levelled against such figures. That is to say, it is a judgment figure and depends on the people who make the judgment. Therefore there is no reason why we should arrive at the same judgment.

While I hesitate to set any figure, I do think that we should very much qualify this figure in our minds in view of the fact that it is pragmatic and today, some years after the recommendations made by the MacPherson commission, could well be a figure that is not suitable at all.

The other point I have already made, and which I want to re-emphasize before I sit down, is that in subsection 3(C) the "cost of

carriage of the goods concerned" is calculated on the basis of carloads of 30,000 pounds. Let me once more emphasize that I think that this is a completely fictitious figure, one that was arrived at in a manner that was not appropriate, and as a result I think it invalidates practically the whole of the section. For these reasons I find myself compelled to agree with the hon. member for Medicine Hat that this section should be eliminated; I also agree with him that clause 16 would discharge all of the functions described in this section, and I think would discharge them better and with less difficulty.

Mr. Bell (Saint John-Albert): Mr. Chairman, I will be only a few minutes. I am going to re-emphasize some of the thoughts expressed by the hon. member for Kindersley, who has just taken his seat. In one of his frequent interventions this afternoon—we appreciate, of course, that after yesterday there is some excitement—the minister referred to the evidence of Professor George Borts and Professor Ernest Williams. These two experts were brought to the hearings by the provinces of Alberta and Manitoba, and the maritime provinces, They were said to be the main spokesmen on this proposed section 336; at least that was their billing. Mr. Frawley and others deferred most of their questions because they said that these two professors would provide the technical answers on this very important section.

• (8:10 p.m.)

I am not going to go through their evidence, Mr. Chairman, or to place anything but a very small paragraph on the record. Let me take, for example, the beginning of Mr. Williams' evidence. He talked of this new legislation eliminating control over the rate level, and he referred to the level of earnings not being provided for in the legislation. I am not quarreling with anything; I am mentioning this as one of the dangers that it was mentioned was contained in this legislation. Then he talked about the inadequate protection that section 336 gives the captive shippers, those who do not have competitive alternatives. He mentioned an old favourite of mine—it of course has reference to the maritimes—when he said that truck competition alone is not an effective competitive alternative for the large bulk shippers. That of course brings up the main topic of my brief intervention.

I have another matter about which I want to speak. The professor said that the railroads will not of their own volition adopt a policy that will impede economic growth, but where competition is increasing they are compelled to take action to look after their own interests.

Having paraphrased Professor Williams' remarks I want to state my objection to this section. I have already stated it before the committee, and it applies to the large, bulk, captive shipper. I had an opportunity during the last two weeks to speak at some length with two large, bulk shippers in Canada, and what they said reinforced my view. To start with, we know that the 30,000 pound level has been the basis of this legislation. It was evidently brought about because of some simliar figure in the trucking world. But, Mr. Chairman, we have gone above the 140,000 or 150,000 pound level.

An hon. Member: It is 30,000.

Mr. Bell (Saint John-Albert): It is 30,000; but I know that large bulk shippers out west are up to 130,000 pounds or more in their shipments.

An hon. Member: They are up to 200,000 pounds.

Mr. Bell (Saint John-Albert): As the hon. member for Kindersley has said, they are up to 200,000 pounds. I want to put a table on the record. It is in minutes of proceedings No. 40, of November 24, 1966, of the committee on transport and communications. The table I refer to is a table of maximum rates that Professor Borts put on the record, with projections he was able to gather from previous evidence. He admitted it was not completely accurate but it was the basis of discussion. The professor got up to 130,000 pounds in his comparative weights, and he referred to the variable costs and the formula employed.

The fifth column is significant because in this he dealt with the percentage of mark-up over actual variable costs, and he went up to a mark-up of 467 per cent. I hope hon. members note that; this is the crux of the bill in my opinion. To this provision the province of Manitoba objected. I know that the hon. member for Winnipeg South dealt extensively and well with this.

If there is a mark-up of 467 per cent on 130,000 pounds, how great is the mark up on 200,000 pounds? Where is the saving from bulk shipments? The province of Manitoba claims that the bulk shippers—and I have verified this privately—will negotiate with the railways, the Canadian National or the Canadian Pacific in the competitive way the minister and the railways have said is desirable. Rates will be set and bulk products, of

which we hold a near monopoly in world markets, will be shipped. That could continue successfully for two or three years. But supposing competition sets in from other sources, and the shippers look at their balance sheets at the end of the year; and supposing they see that they did not lose money, but that they did not make as much as they ought to have made: What will happen, Mr. Chairman? The shippers will not declare themselves captive or go through the other remedies of this legislation; they are in day-to-day communication with the railways. The shippers will attempt to pass their losses down through the line, and their losses will affect labour, the municipalities, and the economy of the west.

This is the big objection to this bill, and its great weakness. Hon. members may say, "Well, what can we do? We have provided the means for these bulk shippers; what can we do? They can declare themselves captive or go to clause 16, which is now available for captive shippers." Perhaps if they did that it would be enough for this committee. I say, however, that that will not take place, except in theory. That is why the province of Manitoba could not say it knew of shippers who will declare themselves captive and who will be aggrieved under the section. As I say, losses will filter through the economy of the west and this section will mean a false use being made of the resources in Canada.

To finish this argument, I asked a question of Professor Borts at the committee hearing —I am still referring to minutes of proceedings No. 40—which embodied the argument I am trying to advance tonight, and the professor said this at page 2871:

> Well, this has been one of the major reasons that the railways have traditionally been able to charge certain high burdens for certain classes of shippers. In other words, that they have always been in a position where—depending on the nature of the regulatory environment, of course, they have always been in a position where they can bargain with a shipper over the rate, and try to bargain in a way where they do the best in terms of the revenue of the railway. Now, this is the traditional way in which railway overheads have been recovered. I think the difficulty with that—there are two difficulties with that; one I have already stated —is that it does lead to a degree of economic inefficiency in the economy in a sense that different shippers are paying different mark-ups. Secondly, it does not allow for the possibility that over time as the shippers markets get more competitive themselves, the shippers are less able to pass these rates on to their own customers.

That is the end of the quotation. He goes on to talk of how the railways collect a burden, and there is sympathy for the railway in this regard. The point is that the burden is passed on to the general economy, perhaps more to western Canada than to eastern Canada.

[Mr. Bell (Saint John-Albert).]

• (8:20 p.m.)

This is the great evil caused by new section 336. The C.P.R. and the C.N.R. have made a great case about our misuse of Canadian resources and about the responsibility they have to develop resources to the best advantage of the country, some of these resources having been given to them in perpetuity during the early days of confederation. But if this new section is going to result in misuse of resources and an unhealthy competitive position for industry, it will affect the economy of the country both in the west and in the east.

The minister may talk as much as he likes, but the remedies we have are not going to deal with the situation. I shall support the amendment moved by the hon. member for Medicine Hat and I hope that further amendments will be offered to deal with this anomaly.

Mr. Horner (Acadia): Mr. Chairman, following our months of hard work to arrive at a new transportation policy it is regrettable that we have not been able to agree on changes to this clause. Many of the briefs presented to our standing committee dealt with this part of the bill, which is one of the most important portions of it.

The old legislation provided that there would be no discrimination caused by freight rates and provided for equalization of rates, but the brief presented by the Alberta government has shown how we are giving up that protection. As recorded in volume 23 of the standing committee proceedings, even the Minister of Transport himself said he had some doubt about the wisdom of allowing the railways to charge as much as they liked in those areas where they had a monopoly.

This clause, and clause 16, deal with the protection a shipper may receive. Under the Railway Act the onus was placed on the railways to prove that a freight rate increase was necessary, would not be discriminatory and would apply equally to all shippers. This clause now places that onus on the shippers. A shipper must prove that he is being charged an unfair, discriminatory rate, a rate unequal to that given his competitor. He must prove he is a captive shipper and that 100 per cent of his goods have to be transported by rail.

Until this bill is passed, whenever that may be, next week, next month or three months from now, the onus remains on the railways

to prove that rate increases will not be discriminatory. But as I say, when this bill becomes law, the shipper must prove he is being charged a discriminatory rate and one that is unequal to that which is charged his competitor. Instead of powerful corporations like the railways having to prove something, it will be an individual, or an individual company, which will have to prove he or it is a captive shipper, that the rate he or it is charged is discriminatory, and should be examined by the commission.

Mr. Pickersgill: I wonder if the hon. gentleman is really right in his second assertion. If anyone is a captive shipper he is surely entitled to ask to have a maximum rate set, if he wants to, under this clause, regardless of whether there is any discrimination. Discrimination is covered in clause 16 but not in this clause.

Mr. Horner (Acadia): The minister is confusing the issue. Surely he is not arguing that under this clause one can apply to be a captive shipper. Does not a person have to prove he is a captive shipper?

Mr. Pickersgill: He has to assert he is, that is all. He can say, "I live on a railway line. There is no other way of transporting my goods except by railway line". That, by definition, makes him a captive shipper. He does not have to prove anything else.

• (8:30 p.m.)

Mr. Horner (Acadia): The minister and I are disagreeing on the definitions of the words "assert" and "prove". There is not much variation between these two words when it comes to a matter that is reviewed in court, and this bill will be setting up one of the highest courts in the land. A shipper cannot apply and say, "I want to be a captive shipper".

Mr. Pickersgill: He just says he is.

Mr. Horner (Acadia): To quote the minister's exact words, he has to assert that he is, and I said he has to prove he is, in the practical sense. I do not think there is so much difference between the two words. For example, if one did a poor job in proving oneself to be a captive shipper, he would fail in asserting that he was a captive shipper.

The Manitoba government presented a very detailed brief, over 200 pages long, attacking various clauses in this bill, and this particular one at length. I know some hon. members have referred to the brief prepared on behalf of the Alberta and maritime governments and presented by Dr. Borts and Dr. Ernest W. Williams, and I think it would be worth while putting on record why these two professors were accepted as experts by the standing committee. Dr. Ernest W. Williams was Professor of Transportation of the Graduate School of Business at Columbia University, New York, where he has been teaching transportation since 1947. He holds the degrees of B.S., M.S. and Ph.D. from Columbia University. His United States government employment has been principally as follows: 1940 to 1942, general editor of the study of transportation and national policy for the United States National Resources Planning Board; 1942 to 1944, program bureau, United States War Production Board in the matter of materiel requirements claimed by the office of defence transportation; 1945 to 1947, fiscal analyst, United States Bureau of the Budget, specializing in transportation matters; 1954 to 1955, member of the task force, cabinet committee on transportation policy and organization; 1959 to 1960, chief, transportation policy survey, United States Department of Commerce. Here is a man who can go anywhere and state categorically that he is a proven expert in the field of transportation.

What did Dr. Williams think of this particular clause? He thought, as the amendment suggests, that it should be thrown out. You do not have to take the word of the mover of the amendment or my word that this be thrown out. Here is an expert who says that this clause offers no protection to anyone who could assert or prove that he is a captive shipper. Perhaps in fairness to the other expert, Dr. Borts, I should read the statement in respect of his experience in this field. He is equally as distinguished. There is no doubt that he arrived at the same conclusion.

In his brief Dr. Williams outlined a number of reasons for his view that this particular part of the clause should not be accepted. It is interesting to note what the mining association had to say with regard to this particular clause. The minister said that this clause offers a protection to all concerned, even to those who find themselves in the position of what might be characterized as captive shipper. I should like to read briefly a series of questions and answers which appear at page 2483 of minutes of proceedings and evidence No. 37 of the standing committee on transport and communications when Mr. J. C. Coyne

was appearing on behalf of the Mining Association of Canada. Certainly one would expect Mr. Coyne to give a fair and equitable appraisal of a bill to be passed by this government. Mr. Coyne was asked this question:

Mr. Coyne, your general brief deals with your concern about the mining industry and the captive position of the mining industry.

The railroads told the committee that the competition in the marketplace would take care of your mining, or industries like yours. What do you think of this competition at the marketplace? You suggest that competition is not present throughout the country, or something like that. You made that statement.

Mr. Coyne replied "yes" and then the questioning by Mr. Horner continued:

What about the competition at the marketplace using the railroad's expression?

Perhaps I should explain that both railways have pointed out at great length that it was unlikely that anyone really would qualify as a captive shipper. It is all well and good for the minister to say that anyone can apply for protection under this clause if he can assert that he is a captive shipper, but here we have the representatives of the railways saying they would be very surprised if there are any captive shippers or that anyone could be declared to be a captive shipper under this clause. The railways also said that if such a case arose and there were captive shippers, they could then exert their pressure in the marketplace and that by the volume of goods it could be deemed that there was competition in the marketplace. Mr. Coyne fully understood this and said:

I think I can make a comment on that, Mr. Horner, although you will appreciate that I, personally, am neither a miner nor a traffic man.

I think the members of this association understand and recognize the point which has been made, I believe, by the railways, and also, perhaps, by the minister—

The minister also referred a number of times to the marketplace. Mr. Coyne continued:

—to the effect that some of the large diversified mining companies, by virtue of what I think Mr. Gordon called market competition, have been, and will likely continue to be, able to negotiate with the railways and to receive rates under which they can ship their products to market.

If all companies were of this size, or had particular advantages of location, or were diversified to the extent of some of the enormous integrated companies, then I think one could say that the point had been made. But I think what we are emphasizing here is that the category of mining company which has been referred to in this context, does not by any means cover all of the mining companies, and particularly the members of this association.

[Mr. Horner (Acadia).]

Mr. Horner (Acadia): In other words, you are saying that your association is afraid that there may not be competition at the marketplace to take care of all the mining companies which may be wanting to start up or have already started?

Mr. Coyne: Precisely; and we also take the position that the formula as proposed provides a ceiling so far up in the sky that it would provide no protection.

This is what Mr. Coyne, a spokesman for the mining association, had to say. In recent years mining has become a major part of the economy of Canada. Mines have been opened up in the prairie provinces. A potash mine has opened up in Saskatchewan. We have the iron ore in Labrador and northern Quebec. New mines have opened up in northern Quebec and also in northern Manitoba. Today mining plays a very necessary part in the economy of Canada. Mining always has played an important part in our economy but today it is doing so in a bigger way.

I notice that the Minister of Energy, Mines and Resources is paying particular attention to this. I am pleased that he is here. He knows the worth of the minerals which are mined in Canada today. This industry to a certain extent must be protected because many mines are located in isolated areas. What protection does this offer? In the interpretation of Mr. Gordon and Mr. Sinclair it offers the protection that if a mine is as powerful and influential as a big major railway company, it can say to this railway company that it is going to ship a certain amount of goods over the railway line from its parent company. Therefore it can say, "Either you give the new mine we are opening up in northern Quebec a favourable rate, or we will find some other way of transporting the product of the parent company." This is what Mr. Gordon referred to as competition in the marketplace.

• (8:40 p.m.)

What about a new mine that does not have a parent company? The former minister of finance said that there should be new companies in this country and that they should be controlled by Canadians. What about a situation like that? What power could such new companies bring to bear in so far as competition in the marketplace is concerned? It would be very little. This is the question Mr. Coyne is answering in this committee as reported in proceedings No. 37. He is speaking on behalf of the Mining Association of Canada. At the bottom of page 2483 he is reported as saying:

Precisely; and we also take the position that the formula as proposed provides a ceiling so far up in the sky that it would provide no protection.

It is very clear that the ceiling is so far up in the sky it would provide no protection. Now, that is exactly the amount of protection this clause provides for our new-found mineral wealth in this country.

Let us look at this a little more closely. The onus has been shifted from the railway companies to the shippers. We have the protection of the marketplace provided for those mining companies which have huge parent companies. However we find there is no protection whatever for the new, budding mining companies. We find that the individual shipper has to prove he is a captive shipper and he must designate that 100 per cent of his commodity has to move by that railroad.

At this point I think it is worth while to emphasize what we are giving up in the old act, and what we are to receive under this new bill. I should like to refer to four points that are set out on page 12 of the Alberta government brief. The first point is:

> That tolls shall always be charged equally to all persons if circumstances and conditions are substantially similar;

This was what was written into the old section 317 of the Railway Act. In other words, if two companies are manufacturing similar commodities and those commodities are hauled equal distances, then the rates would have to be the same. There could be no discrimination. The second point is:

> That there be no discriminatory increase or reduction in tolls in favour of or against any user;

In other words, if you are going to give one company an agreed charge you must give the other company the same rate or that agreed charge is out. The third point is:

> That tolls must not unjustly discriminate between different localities;

In other words, if you have a manufacturing company in southern Ontario and one in northern Ontario whose products are hauled over the same railroad for the same distance, those rates shall be the same. There shall not be a preferred rate for one company in one locality and a discriminatory rate for the other. The fourth point is:

> That, unless the board is satisfied, no toll must be higher for a shorter than for a longer distance.

These four points which were contained in the old section 317 have been practically wiped out in clause 16 and this proposed section. I mentioned the fact that a shipper must prove that 100 per cent of his commodity is captive. Let us remember that under this particular formula, if one asserts that he is a captive shipper, the board may then set a rate which could be 150 per cent of the variable cost. What is the railway trying to prove when this rate is set as high as that? Dr. Borts and Mr. Williams both said that nowhere in the MacPherson report could they ascertain why the MacPherson commission established this 150 per cent formula. Why was it not 100 per cent? What was the purpose in setting it at 150 per cent? Well, Dr. Borts and Mr. Williams, who have made exhaustive studies in the transport field throughout the years, could not find anything in the MacPherson report to tell them why the 150 per cent figure was chosen.

Before I leave the subject of discriminatory rates being eliminated by this clause, perhaps I should read what Mr. Williams has said about a similar situation in the United States. We in this country must learn from those who have gone ahead and from those who have perhaps had more experience in this particular field in which we are trying to break new ground with this legislation. Mr. Williams said this, as reported in proceedings No. 40, page 2849, in answer to a question by the hon. member for Saint John-Albert:

> Well, the situation in the United States is certainly very different because we have varieties of competition within the railroad orbit that you do not have in Canada, and could not have, with two railroads principally operating and serving transcontinentally and very largely the same territories. We have a great deal of competition between railroads, not necessarily in parallel traffic, but competition in which one railroad serving shippers in one area of the country seems to put them into competition with another railroad serving shippers elsewhere; and that has been a very forceful type of competition, which was part of the reason that we thought that perhaps we could dispense with exact rate control.
>
> On the other hand, we have never had any confidence that we could dispense with control of discrimination, since discrimination is the kind of thing that is generated by differences in the force of competition, or by the absence of competition in one circumstance and its presence in others, and we still have a variety of circumstances of that kind.

What Mr. Williams was saying in that paragraph was that the United States has more railroads, so the competition is greater and they have done away with exact rate control. This bill does away with exact rate control. It also does away, to some extent, with the right to claim discrimination which was provided in the old act. Mr. Williams says that they have more competition and more railroads, that they have a greater variety of shipments from different localities, but in the United States they have not done away with any control over discrimination. There is no question

about this man being an expert because he has spent practically his whole life in the field of transportation in that country.

• (8:50 p.m.)

This is what gives rise to a great deal of my concern about whether or not this legislation is moving in the right direction. The MacPherson commission studied the whole question and their report deals at some length with the fact the railroads need financial help. The railroads were in a serious financial position and needed to be helped out. Yesterday I said that without a doubt, on January 9 when the minister outlined this proposal an arrangement had been made with the railroads that if they would do this they would be given greater leeway with regard to freight rates, and would be allowed to improve their financial position. I think it is only right to bear these remarks in mind when one considers what the MacPherson report really had in mind in setting out its objectives in respect of maximum rate control. The summary of those objectives is to be found at page 98 of volume II of the report. The objectives of a maximum rate control formula were as follows:

1. It must limit the impact of railway monopoly upon shippers.

2. It fails in its purpose if it is seriously detrimental to the revenue position of the railways.

That objective really needs no more emphasis. Perhaps that is why the government made the maximum rate formula very high and set it at 150 per cent above variable costs. Perhaps they did not want to come near any position which would be detrimental to the revenue position of the railroads. The third objective is stated as follows:

It must be flexible enough to reflect at intervals the changes in railway costs which will occur with the rationalization of plant and services.

This formula is very, very flexible. It is so high in the sky, to quote Mr. Coyne, that it will have no effect whatsoever. Therefore it is flexible enough, and we can check that requisite off in this summary of objectives. The fourth objective is:

It should leave incentives for efficiency with the railways and offer incentives to the captive shippers to use transportation as economically as they would in a competitive environment.

This clause encourages captive shippers to do everything but seek the protection of the maximum rate control formula; that is what it means. In order for this formula to offer any protection, a shipper must assert and prove that he is captive. With the passage of this clause the onus is on the shipper to apply, assert and prove that he is captive. This bill takes away a great deal of incentive in this area.

The Deputy Chairman: Order. I regret to interrupt the hon. member but the time allotted for his speech has expired.

Some hon. Members: Carry on.

Mr. Pickersgill: Mr. Chairman, I think the hon. gentleman has a few more observations to make, and we should like to hear them.

The Deputy Chairman: Is there unanimous consent to allow the hon. member to continue his speech?

Some hon. Members: Agreed.

Mr. Horner (Acadia): Thank you, Mr. Chairman. I find the committee very co-operative tonight and I will try to limit my remarks. I know very well that I shall be making another speech on this clause anyway. The fifth objective in respect of the maximum rate control formula, which is to be found at page 99 of the report of the MacPherson royal commission, is as follows:

It must be in keeping with newer ratemaking practices.

The whole philosophy of this bill is competition. The root hogs that are big enough to live, will survive; those that are not big enough to do so will die. I suppose this is in keeping with the helter-skelter, come-hell-or-high-water philosophy of competition. Freight rates are going up and up. The only people who can survive are those who use air transport, can afford to buy a truck of their own or can make use of the intervention of a pipe line. The sixth objective in respect of this formula reads this way:

It must not be in conflict with the optimum allocation of resources in transportation.

This formula will not affect those people who are located in the right place. If you are not located in the right place, you are out of luck. That is the summary of the objectives of the MacPherson royal commission. I will not re-read them; I will just emphasize that the summary of the objectives of a maximum rate formula was, first, to remove all control that would seriously affect the revenue position of the railroads. This objective has been stated as plainly as possible. The purpose is that it should not be seriously detrimental to the revenue position of the railways. I say to the minister that after reading the whole of the

second volume of the report of the MacPherson royal commission I could find nothing to substantiate the allowance of 150 per cent above variable costs that is set out in this formula.

The committee on transportation listened to the evidence of Dr. Borts and Dr. Williams, who said they had read the report of the MacPherson royal commission and they, too, could find nothing to substantiate why this formula was arrived at. In fact, I think Dr. Borts suggested that there should be another provision in this bill rather than the 150 per cent, some formula that would gauge the permissive level of earnings in respect of a person declared to be a captive shipper.

I do not want to continue at length with this question, Mr. Chairman, although I could do so. I do not want to engender any animosity in the house. I raise these matters because I am greatly concerned about this particular clause. I could find nothing to substantiate the inclusion of the 30,000 pounds figure in this clause, other than the fact that the trucking industry was accepted as the competitor of the railway industry. I notice that the Chairman is giving me some sceptical looks, so I shall be very brief.

In the economic swirl in which Canada finds itself today with regard to the transportation industry, the railroads set the rates and the trucking industry stays at a figure just below those rates. The trucking industry does not set the rates; the railways do. So the 30,000 pounds figure, related to trucking, was wrong and should never have been accepted. There should be competitive rate setting in the transportation field. We have made great strides forward in air transport in recent years. We have seen the intervention of DC-8 jets. We shall in the very near future see the intervention of DC-10 jets. The top half of these planes will be filled with passengers and the bottom half with air freight. These airplanes represent a large investment for the air line companies. Air lines are the only people who will bring any kind of honesty into the rate setting procedures of freight rates in this day and age.

We should not set a fictitious figure of 30,000 pounds in connection with this formula. The railways rarely have one box car hauling 30,000 pounds. If anyone doubts this statement he has only to look at the C.N.R. equipment catalogues and study the tonnage hauled by their cars. Thirty thousand pounds is 15 tons. These cars can carry up to a maximum of 170 tons. The smallest car of the C.N.R. hauls something like 45,000 pounds. Why accept a figure of 30,000 pounds and provide for an allowance of 150 per cent above the variable cost figure? The inclusion of these figures in a formula cannot be substantiated, as was suggested by Dr. Borts and Dr. Williams.

Why does the minister doggedly hold on and maintain this particular clause in the bill? No one in the committee who was involved in the examination of the witnesses who testified before it on this aspect of the matter can understand why the minister does not amend the clause.

The only conclusion I can reach is that the matter was so difficult and complicated that he did not know where to start to improve it, and did not like to lose face by wiping it out altogether. I am grateful to you, Mr. Chairman, and the committee for having allowed me to continue my remarks. Hon. members may rest assured that we are not prepared to accept this clause as it now stands. We will be speaking to it again. I will certainly be speaking further in this regard, because this is a very important part of the transportation legislation.

• (9:00 p.m.)

The Chairman: Is the committee ready for the question?

Amendment (Mr. Olson) negatived: yeas, 33; nays, 56.

The Chairman: I declare the amendment lost.

Mr. Sherman: Mr. Chairman, a good deal has already been said in the debate on this particular clause about captive shippers and the application of the maximum rate control formula. I was considerably interested in the proposed amendment that was just moved by the hon. member for Medicine Hat and in his presentation of the facts in support of that amendment. I was in favour of that amendment because I believe that on balance the legislation would have been improved. In view of the fact that the amendment has failed, it is my intention at this juncture to submit an amendment of my own. It pertains to the subject of the captive shipper and his identification. I think the hon. member for Acadia isolated the key issue contained in this particular clause of the proposed legislation when he said that Professors Borts and Williams, and other experts who contributed to the highly reasoned briefs submitted to the

standing committee by officials of the provinces of Manitoba, Alberta and other provinces, could find no reason whatever for selecting either the 150 per cent formula or the arbitrary 30,000 pound carload lot figure. Both those elements in the proposed legislation are insupportable, and so is the nebulous, vague and indefinable way in which we are supposed to arrive at a conclusion as to the identity of the captive shipper under this legislation.

The Freight Rates Reduction Act, as was pointed out by officials of the province of Manitoba, was introduced after the last general freight rate increase to alleviate the burdens carried by class and non-competitive commodities shippers. As was pointed out by officials of my province, to exclude these shippers from the category of captive shipper would be a retrograde step. I submit that that is what the proposed legislation does. It excludes the class and non-competitive commodities shippers from the category of captive shippers. It makes it necessary for them to assert, as the hon. member for Acadia said, or to prove—if you prefer this word—that they are indeed captive shippers.

It is therefore my intention to move, seconded by the hon. member for Portage-Neepawa:

That the following new subsection be added, as subsection (1) (b), to section 336, as follows:

A shipper of goods in respect of which the rates in effect on the 1st day of January 1965, were class and commodity rates subject to the Freight Rates Reduction Act, shall be deemed to have no alternative, effective and competitive service by a common carrier other than a rail carrier or carriers or combination of rail carriers.

The minister was aware, from the remarks I made earlier this afternoon, that I intended to move this amendment unless advised otherwise. It was my contention at the time that perhaps I should give the minister time to ponder it. I have taken the liberty of acting now on the intention that I made known at that time. If the minister is in a position to speak on my amendment, I would appreciate hearing from him at this time.

Mr. Pickersgill: I am not taking exception to the amendment being moved, so perhaps it should be put and then I would like to speak on it.

The Chairman: It is moved by Mr. Sherman that the following new subsection be added as subsection (1) (b) to section 336 of clause 53:

A shipper of goods in respect of which the rates in effect on the 1st day of January 1965, were class and commodity rates subject to the Freight Rates Reduction Act, shall be deemed to have no alternative, effective and competitive service by a common carrier other than a rail carrier or carriers or combination of rail carriers.

[Mr. Sherman.]

May I point out to the committee that this would necessitate the renumbering of the present subclause 1 as subclause 1(a).

Mr. Pickersgill: Mr. Chairman, I do not intend to speak at length on this proposed amendment. The government of Manitoba submitted a voluminous and interesting brief. As the hon. gentleman pointed out when he spoke this afternoon, the position it took was supported by at least two expert witnesses from the United States whose testimony is recorded in proceedings No. 40 of the committee, to which I myself alluded this afternoon.

• (9:10 p.m.)

I hope I will not be considered to be reflecting in any way upon the expertise of those two expert witnesses when I say they were fundamentally opposed to the whole principle of the bill. They both indicated very clearly they did not believe in competition, but rather in the United States system of regulation and setting of rates by regulatory bodies. Since they entirely rejected the very concept of the bill it is perhaps not very surprising that they found fault with individual features of it.

Notwithstanding that fact Professor Borts made some calculations, to which I referred before—and I do not want to be repetitive but I will likely refer to them again—by which he indicated that small shippers from 15 to 35 tons would be very apt under the maximum rate formula to pay a lower rate, even with the freight rate reduction principle in effect, than they are now paying. It would indicate they would be paying a much lower rate than they would be paying if the rollback had not taken place and higher rates were established.

I am very glad the committee did not see fit to accept the amendment to wipe out this clause altogether, because we should have some regard for these small shippers, even though this maximum rate formula will not give any particular advantage to bulk shippers. It was never designed or intended to do that, and I made that very clear at the time the committee was sitting. All the bulk commodity rates will be rates below present maximum rates, and for that reason one would not expect the new maximum rate formula to apply to shippers who are not paying the maximum rate now. Therefore I cannot see any logic or reason in the suggestion that we should have a maximum rate formula which

would apply to a group of shippers who are not now paying maximum rates.

Perhaps I should also point out that by accepting the hon. gentleman's definition we would also make this bill meaningless, because anyone who wished to do so could become a captive shipper if his rate was now frozen, and that would take in about half the shippers. The other shippers whose rates are not frozen are now paying competitive rates.

The whole purpose of this bill, in so far as it extends competition and enables the railway companies to go out and look for business, would be lost if indeed anyone took advantage of the definition the hon. gentleman has offered. Of course this would depend upon whether the shipper thought that other parts of the bill, which someone probably intends to attempt to amend, were amended.

The hon. member for Acadia and the hon. member for Medicine Hat made it very clear earlier that the maximum rate formula envisaged here would not offer an alternative which would be more attractive to the bulk shippers than the rates they are now paying. Therefore I do not think any maximum rate formula we could possibly write into the legislation would meet the situation of bulk shippers. I recognize that there appears to be some strengthening required of the protection given to bulk shippers over and above that which was in the law as originally drafted and sent back by the committee. I did accept an amendment to clause 16 which I think generally met with the satisfaction of the committee.

I am in agreement with the hon. member for Medicine Hat, that far and away the greater number of those shippers whose rates are not frozen will, by the amendment to clause 16, be afforded the kind of protection which I think will be effective, and as a result of which they will have no recourse to this section. I might point out that there were more than 1,400,000 carload shipments in the year 1965 which moved under class and commodity rates. Many of those carloads would be duplicates and I am not suggesting for a minute there were 1,400,000 different applications to the commission. I am suggesting, however, that if the maximum rate formula itself was made attractive, and it looked more attractive than the rate which could be bargained for, the amount of rate fixing that would be required would be almost beyond the capacity of any commission.

The only conclusion that I can come to from all of this is that we might just as well scrap all the rate making provisions of the bill and leave the law as it is, and just allow horizontal increases, rather than attempt that bureaucratic task of an overwhelming magnitude that would be involved if the hon. gentleman's amendment were accepted. In other words, I believe it would provide no real protection for shippers at all, but rather would create a state of administrative delay which would be totally intolerable. For that reason I think it is very undesirable.

Mr. Bell (Saint John-Albert): I should like to ask a question on this general subject. I do so because the minister seems to be in an expensive mood. He probably had a turkey sandwich for supper.

Mr. Pickersgill: I ate beef.

Mr. Bell (Saint John-Albert): Perhaps he is full of himself because he finally won a vote. I want to ask the minister whether he would answer the specific question I asked earlier, and about which I made a full speech. Supposing a large bulk shipper did not go captive or take advantage of the other remedy, what is the minister's answer to the high rate which would be set for western Canada? How are we going to justify that to Canadian people as parliamentarians?

Mr. Pickersgill: I do not have much difficulty in that regard, because practically all shippers of bulk commodities in this country today have rates which are below the present maximum rates. They have obtained these rates at one time or another in one way or another from the railway companies, and I do not see why the railway companies would be apt to change that pattern. A great many of these shippers have agreed charges. If the hon. member will look at the transport act he will see that any agreed charge given to one shipper must be published and, in like circumstances, must be given to another shipper. Under the new section 16, if a shipper alleges and can make a prima facie case that an undue advantage has been given to a shipper in like circumstances, he can have his rate altered by the commission following a hearing.

As a result of those two provisions it is my view that there is adequate protection for shippers of bulk commodities, but I do not think without clause 16 there would be adequate protection. It may be that there will be very few shippers who actually apply for a rate as a captive shipper. The fact that they can apply and that that ceiling is known to be

there will, I think, induce the railways in most cases to set rates rather below these maximum rates. I think in that way it will provide protection in isolated areas where there is a genuine state of captivity on the part of small shippers.

• (9:20 p.m.)

Mr. Sherman: The minister says that shippers can apply for captive status. My interpretation of this is that these shippers have to apply. It is not a case of their being able to apply; it is mandatory and they must apply.

Mr. Pickersgill: Oh, no. If the hon. gentleman reads the clause carefully he will see that no shipper can apply until he has first gone to the railway and asked for a rate. If he is dissatisfied with the rate or thinks it is too high, and if he has no alternative way of shipping his goods, then he can apply. It could well be that a shipper is shipping two commodities, one of which is, say, packaged goods or something of that sort for which there is a trucking service he could use. He might also be shipping something else which was not economical to ship by truck and he could become captive in respect of one commodity and not in respect of the other.

All he would have to do to establish his captive status is to show that there is no other carrier to carry his goods at a reasonable rate. This would be an assertion of captivity. He would then furnish the rate which the railway company had offered him and say that it is too high and that he would like a rate established under the maximum rate formula. If his assertions are accurate—and they are not very complicated things to prove—then it is the duty of the commission to set a maximum rate for him.

Mr. Olson: Mr. Chairman, I will be very brief. I think the minister made an assertion which was a little unfair and perhaps he did not mean it. If I understood him correctly, he said that Professor Borts and Professor Williams, who I suggest were the chief cost accountant advisers to the provinces at the hearings, were in fact against the principle of the bill; that they were against having rates set by competition and in fact were in favour of having rates set by an authority that has control.

I do not think it is fair to say this. I think what they said was that section 336 did not provide any effective maximum rate control; that in areas where there was no economic competition in the transportation field it was desirable to have an authority that could impose this kind of control. As far as I am concerned they certainly did not say that they were against competition in the field of transportation.

Now, Mr. Chairman, my other point briefly is this. I am in a quandary about what to do with this amendment to section 336. I think the section should have been taken out completely and that all the shippers in Canada should rely on the provisions of clause 16. I say that for the reason given by the hon. member for Springfield, namely that as long as section 336 is in the bill we will be under some illusion that there is a formula for setting a maximum rate control. I am really worried about this. As long as it is in the bill the board may be tempted to use this formula rather than the old basis of fairness, being just, and so on. The figure of 150 per cent based on a carload weight of 30,000 pounds is a fictitious figure; the weight of 30,000 pounds may not be the weight used, and to this extent the figure is not fair. In view of this, Mr. Chairman, and having regard to the vote that was just taken, I suppose that the next best thing to do, if we are to have section 336 in the bill, is to try to repair it, amend it or modify it so that it does have some use.

The minister worries about the amendment moved by the hon. member for Winnipeg South, in that it may make the clause useless to a small group of shippers who are now shipping under class rates. I do not think that this is the case because, as I read the amendment—and I admit that I may not have understood the different shades of meaning of its interpretation—it does not appear to me that this is the only way in which a shipper can plead for captive status. It partly defines what is a captive shipper, but surely this is not the only basis on which a shipper may attempt to claim captivity and ask the board to invoke the provisions of the bill.

So far as commodity rates being included in the definition under the provisions of section 336 are concerned, I agree with the minister. I do not think this would have any practical value whatever, first of all because the formula, once you get up into 100,000 or 150,000 pound carloads, or in some cases up to 300,000 pound carloads, would simply be quite unrealistic and would have no practical effect.

I am not going to become involved in any further debate on this matter, Mr. Chairman, but I do believe that the core and heart of this bill has now been transferred to clause 16. When this bill was first introduced in the

house and debated in the standing committee, I believe that all of the maximum rate control which is so essential to bulk commodities moving into and out of western Canada, northern Quebec and the maritimes hinged on section 336. This is the case no longer. When we began our hearings in the standing committee there was no clause 16, at least in its present form; I am sure the minister agrees with that. Therefore, although we used to talk about the most essential part of the bill being section 336, I believe it is now clause 16, at least as far as bulk shipments or what are usually referred to as commodity rates are concerned.

Perhaps we ought to try to fix this thing up; but even if this section 336 is fixed up so as to provide a better definition of what is meant by captive status, as long as the figure of 150 per cent and the weights used in this section remain, I do not believe the section would have any practical value in respect to the heavier carload shipments in which we are primarily interested.

Mr. Bell (Saint John-Albert): Would the minister look at the last page of No. 40 of the minutes of proceedings of the committee, where he will see the projections put on the record by the professors. This has a bearing on the point I am trying to make. Would the minister look at the figure of 130,000 pounds. The mark-up over actual variable cost amounts to 467 per cent. The minister said that all of these special arrangements are always made at low levels, etc.

• (9:30 p.m.)

Going on the basis that there is validity to these mark-ups, considering that we are well above the 130,000 pound figure, with mark-ups up to 700 per cent, where is the protection for the Canadian economy if the shipper does not declare himself captive? What will happen then? I admit perhaps that this instance is not fully our responsibility; we have provided a remedy, and I do not disagree with the hon. member for Medicine Hat. Let us hope the remedy works. Supposing the shipper does not declare himself captive, how shall we make certain that that does not completely disrupt the economy of the country, bringing about a corresponding misuse of our resources?

Mr. Pickersgill: I should like to try to answer the hon. gentleman's question. I think the hon. member for Medicine Hat has already answered it. Once of the great advantages of having the proceedings in the standing committee was that all of us, I think, knew more about this subject when those proceedings were over than when they started. Certainly I knew more. I learned many things in that committee and much from the arguments of hon. gentleman opposite, and particularly the very persistent arguments on this clause by the hon. member for Medicine Hat, who persisted, I might say on one or two occasions in a way I thought exasperating—and I say that, as a former member of this house used to say, in a kindly way.

Mr. Bell (Saint John-Albert): I hope he gets the blame if this does not work.

Mr. Pickersgill: The other evening in the committee the hon. member for Peace River raised some doubt about whether clause 16, as it came out of the committee, still was strong enough. We further strengthened that clause, here.

I believe the hon. member for Medicine Hat is perfectly right when he says that clause 16 protects commodity shippers. I have never pretended that this table is anything more significant than an arithmetic exercise. It is no more significant than an arithmetic exercise showing that 50 per cent of all savings effected by the larger shippers goes to the shippers and not the railway. I do not believe those things are relevant, because I do not think the shippers of bulk commodities will use section 336 at all. I do not think they will need to use it.

Mr. Bell (Saint John-Albert): Then why did the minister ask from the province of Manitoba the names of captive shippers, when he admits that no shippers will use the section?

Mr. Pickersgill: I did not take the position, and I never have said that no one would use section 336. All I say is I do not know of any shipper who will use it. I think, had there been many shippers who were really worried about this legislation, we should have heard from them.

Mr. Horner (Acadia): Every brief presented has shouted this.

Mr. Pickersgill: There were a few briefs from the mining association, and from the Wabush Company and one or two others who were captive shippers in the—

Mr. Horner (Acadia): I wish the minister—

Mr. Pickersgill: I wish the hon. member would allow me to be as consecutive as I allow him to be. Four or five shippers in the whole country asserted they were captive shippers, and they were, in the sense in which they asserted their claim—that they had no alternative to shipping by rail. I do not think any of them were the kinds of shippers for whom it would be possible to devise any realistic maximum under a formula. Instead of trying to find a maximum rate formula for shippers of huge quantities of bulk commodities, you would have to say that you were giving the commission the power to set such rates.

Mr. Bell (Saint John-Albert): That is the weakness of the philosophy.

Mr. Pickersgill: It is the difference between those who believe in competition and those who believe in regulation. There are many people in this country and quite a few in this house who do not honestly believe that competition should be permitted in transport, in any commodity in which they are interested. They think competition is fine for somebody else, but not for themselves. I think, if we examine ourselves, we shall find that an awful lot of us really take that attitude.

Mr. Sherman: With the experience of bulk commodity shipments on the prairies, would the minister say what competition there is for the railroads?

Mr. Pickersgill: I will tell the hon. gentleman. The railways, you know, do not want to haul empty trains back and forth across the country. And they do not want to stop hauling trains, because a large part of their costs are—if I dare say so with the hon. member for Macleod in the chamber—fixed costs. Unless the railways have something moving on their lines to pay part of the fixed costs they will be in a hopeless state, as they were during the depression.

They do not want to be in that state. They want the traffic. Often the only way to get traffic is to give shippers of bulk commodities, who are not exactly without bargaining power, favourable rates. It is not as though those shippers are individual farmers or small shopkeepers; some are among the biggest companies in the world, with far greater economic power than the Canadian railways have.

Mr. Horner (Acadia): Some of them.

Mr. Pickersgill: A lot of them have that power. Unless the railways give them a rate that it is worth the while of these shippers to ship, there will not be any traffic. That is why I believe the competitive position, or the bargaining position—I prefer to call it the bargaining position—of the shippers is not ill matched. But to make sure there is a back stop to the shippers bargaining position we have strengthened, I believe, clause 16. We have said that if any shipper alleges that another shipper under similar circumstances, with a similar commodity, is given undue preference, he can go before a board; and if he can convince the board that this has happened, his rate will be disallowed.

That is a protection for the shippers of bulk commodities and I believe it is a very effective protection indeed; and the committee seemed to be satisfied with that clause as amended, and supported that view.

Mr. Kindt: I wish to bring to the attention of the minister and committee the situation now facing two captive shippers. I mention them because the minister thinks that this type of shipper presents competition, and that the competition will keep rates in line.

As he may know, Crowsnest Industries Limited of Fernie, British Columbia and Coleman Collieries Limited, of Coleman, Alberta, are expected to send representatives shortly, if they have not already done so, to Japan to negotiate for large coal shipments to Japan. Let me read to you a pamphlet I have in my hand issued in January, 1967. It is the Canada-Japan Trade Council Newsletter, and I quote as follows:

• (9:40 p.m.)

The Yawata firm indicated railway coal transportation costs to a port on the Pacific coast would become a major subject in the negotiations, as the Canadian government is expected to stop supplying subsidies to cover high railway freight costs for coal exports after 1969.

A deciding factor for these two industries in trying to increase exports to Japan is the freight rates now in existence for the shipment of coal from the Crowsnest pass to the Pacific coast. These are captive shippers. They must depend on the C.P.R., and one bad move by the government will place this arrangement with the Japanese in jeopardy and prevent these industries from making arrangements to export coal to the country. The minister should re-examine some of these proposed new sections.

Mr. Horner (Acadia): Mr. Chairman, I think we should try to ascertain who is being protected by this clause and what a captive shipper is. The clause attempts to be generous, to

broaden the term "captive shipper". It is all well and good for the minister to say that a captive shipper does not have to prove that he is a captive shipper. A little while ago the minister said such a person had only to assert that he was.

I have looked up the Oxford dictionary for the definitions of the two words "assert" and "prove" and it can be seen that there is not much difference between the two. The definition of assert is "insist upon one's rights," and proof is defined as "evidence sufficing or helping to establish a fact." They are very similar. New section 317 in clause 44 says that a captive shipper is one who in a sense has "no alternative, effective and competitive service by a common carrier". To understand this one can look up the definition of the word "alternative" and place the word "no" in front of it. Everyone knows the meaning of the word no.

An hon. Member: Explain.

Mr. Horner (Acadia): Alternative means "an interchange, alternating with another, succeeding each other by turns, consisting of alternating things." Effective is the key word in this phrase. We know that the key word in the Restrictive Trade Practices Commission legislation is "unduly," and under that legislation proof must be given that something is affecting the economy of the country unduly. In this phrase the key word is "effective," and its definition is, "having an effect, powerful in effect," and so on. One may have an alternative, but if that alternative has no effect then it does not have much use. The amendment sets out to remedy this deficiency, and states:

> A shipper of goods in respect of which the rates in effect on the 1st day of January, 1965, were class and commodity rates subject to the Freight Rates Reduction Act, shall be deemed to have no alternative, effective and competitive service by a common carrier other than a rail carrier or carriers or combination of rail carriers.

The Freight Rates Reduction Act which came into effect in 1959 placed a freeze on freight rate increases on class and non-competitive rates. Anyone benefiting from that legislation could logically be expected to receive some protection in this clause of the amending bill, and should be accepted as a captive shipper. This is the whole essence of the argument.

The minister may declare that he is not particularly concerned about these things and that very few people will qualify as captive shippers. He can lecture us a great deal on the essence of competition, but I do not think anyone in Canada will say that the railways are 100 per cent public utilities. Surely the government must accept the fact that the railways have a duty to perform in those areas in which they have a monopoly, in which there is no effective alternative service. Shippers in those areas should be able to receive some protection under this clause.

A very noted transportation economist hired by the Manitoba government, Mr. Morrow, dealt at great length with the history of the Canadian transportation system. Our early governments aided the establishment of a railway system in order that it might provide a public service. I do not want to go into the history at length, but it is a fact that back in the early 1900's a public service was established. We set up the Board of Transport Commissioners to regulate and rule in respect of the public service provided by the railways.

• (9:50 p.m.)

We have seen competition grow. We have seen Canada grow. There no longer is the same need for some of the protection which was given. No longer do we accept the fact that the railways are 100 per cent public utilities. Also we will not accept the fact that the railways are absolutely free corporate entities, because there still are areas in which they operate within a monopoly. In this area they still must be declared to be public utilities. There is a regulatory board which has some control over the Bell Telephone Company. Every other similar company generally is ruled by a public utilities board. The National Energy Board regulates the pipe line companies, because we give the pipe line companies a monopoly in respect of their operations within a given area. At one time these monopolies were in effect across Canada. Now we accept the fact that they are not monopolies in respect of the whole of Canada, but are monopolies in some areas.

The people who are producing goods, providing for the welfare of their families and contributing to the economy of Canada should be able to look to the government for protection, because the railroads were built with the intention that they would provide a public service. The railways accepted this obligation. This amendment says in effect that if there were non-competitive areas in 1959 there now may be non-competitive areas today, that these areas should be accepted as captive areas, and that they should come under the definition which relates to a captive shipper. It is all very well for the minister to tell us

that they do not have to prove they are captive shippers, that they merely have to assert it. This is not good enough, because in many areas of Canada goods are being shipped at rates which are 150 per cent above the variable costs. In committee we heard evidence to the effect that in some cases the railways were charging 400 per cent above the variable costs.

If one takes the general definition of the word "assert", he would think that the people merely would have to apply for the maximum formula; but that is not the case. They must assert and prove under the definition as set out by the minister and as accepted by the railways that they have no alternative rate and are prepared to move 100 per cent of their goods by this one mode of transportation. This is the point I wish to make. I believe this is the crux of the problem in respect of the bill. It is all well and good for the hon. member for Medicine Hat and the minister to be willing to allow this bill to pass hurriedly, but I think there is a great deal at stake in respect of this clause and clause 16.

Mr. Pickersgill: Mr. Chairman, I wonder whether the hon. member would permit a question. If he thinks there is a great deal at stake in respect of this clause, then why did he vote a while ago to knock it out of the bill?

Mr. Horner (Acadia): Because I hope that there will be an alternative amendment to place some protection in the bill for shippers in what I would consider to be captive areas, so that they could apply for captive status under this legislation. I have found this particular formula nonsensical. I found it so nonsensical that I did not consider it was any good at all. Therefore it is my belief that it should be deleted in the hope that something else which would have some meat in it would be accepted by the minister.

I should like to explain the reason I believe there is a necessity for this amendment. One has only to go back a bit to realize what we are talking about. Something like 4 per cent of the goods moved by the railways are moved under class rates and therefore in respect of this amendment we are referring only to 4 per cent of the goods moved. We are asking the minister to accept the fact that in many isolated areas in Canada something like 34 per cent of the revenue of the railways is derived from areas where in effect there is no effective alternative to the railways, and that the goods must move under non-competitive or class rates, which are the highest possible rates.

[Mr. Horner (Acadia).]

An hon. Member: Ten o'clock.

Mr. Horner (Acadia): May I call it ten o'clock, Mr. Chairman.

Mr. Pickersgill: Mr. Chairman, I wonder whether we might continue long enough to dispose of the amendment.

Mr. Horner (Acadia): I should like to call it ten o'clock. Although I have only a few more minutes left to speak, I would rather complete my speech tomorrow morning when the house resumes, because at that time I might have a more attentive audience, a more agreeable minister, and then perhaps the house would accept the amendment to this clause.

Mr. Bell (Saint John-Albert): Mr. Chairman, I do not think the government has all its members in line, and it would have plenty of time to get them in line by tomorrow.

Progress reported.

• (10:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

TRANSPORT—DORION, QUE.—INQUIRY AS TO REPORT ON LEVEL CROSSING ACCIDENT

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I am deeply grateful to the Minister of Transport (Mr. Pickersgill), for his kindness in accepting to remain in the house a little while longer, to consider a matter with which he is very familiar, but to which I would again like to draw his attention, since this is a very urgent question and one of deep concern, from the standpoint of public safety.

Every day we are faced with an increasing number of highway tragedies. In addition to these, we have accidents occurring at grade crossings and, among others, we note the tragedy which occurred at St. Clair, in Dorchester county. Not too long ago, two similar calamities occurred within a few days: one at Montmagny and another at St-Francois-de-Bellechasse. The people are getting more and more alarmed.

That is why, Mr. Speaker, I am renewing my efforts and asking the minister if something even more specific could be done, so as to eliminate what I would call deadly road hazards.

If that is not possible, I would like to suggest, in the first place, that we should seek additional funds. In 1954, we had $5 million in the Railway Grade Crossing Fund. If I remember right, this amount was increased to $15 million in 1958, which represents quite a short lapse of time. Why? Because it was realized that traffic was increasing at a frightening rate and additional funds were required to satisfy the newly created needs of ever-increasing traffic.

We are now in the year 1967 and nothing has been added to the Railway Grade Crossing Fund since 1958. In order to even begin solving the problem, our Railway Grade Crossing Fund desperately needs replenishing. I feel it is imperative that the Railway Grade Crossing Fund should be increased: $15 million is no longer enough.

Second, Mr. Speaker, I should like to refer to an editorial by Mr. Maurice Champoux, correspondent for *La Presse*. Mr. Champoux is an excellent newspaperman and I always enjoy reading his articles, because he has a very rich vocabulary and exceptional writing ability. However, upon reading his comments about one of my recent statements, I noted that he had not quite grasped the full meaning of my observations. I said, amongst other things, that the municipalities cannot afford to apply for safety devices for their grade crossings because, as everyone knows, and above all the minister, the fund contributes 80 per cent of the cost in the case of a new safety device, the railway, 7½ per cent, and the municipality or the local authority to which the road belongs, 12½ per cent.

Many municipalities do not have the means to do so. I discussed the matter, not long ago, with the former president of the Union of Municipalities, the member for Rivière-du-Loup-Témiscouata (Mr. Gendron), who is well known as an authority on the matter. He confirmed the fact by saying that, out of the 1,700 municipalities in the province of Quebec, at least 1,200 are poor. The municipalities cannot afford to make the application.

Consequently, the act should be amended in this regard.

Third, Mr. Speaker, the procedure is too long before grade crossings can be obtained. In fact, the report of the Board of Transport Commissioners for the year ending December 31, 1965 says:

During 1965, the board received 2,584 applications under the various legal provisions related to the jurisdiction of the said board.

The Board of Transport Commissioners lacks the time to deal with such problems, because it is too slow in answering these applications. I am asking the minister whether there is a way to change this jurisdiction and, when grade crossings are being sought, to make it possible to seek them from somebody other than the Board of Transport Commissioners which is unable to reply rapidly to applications in accordance with safety requirements.

This procedure should be changed, as I said, Mr. Speaker, to expedite matters. How do we proceed now? Municipalities make an application and the Board of Transport Commissioners consult with the railway company concerned. An inspection is made. Time is lost. Efforts are made to find money, and when it is found that no money is left, the application is finally held in abeyance. That is why many cases could have been settled if the procedure had been amended or changed to expedite things. I am appealing to the minister to improve the situation and I understand that he is sincere and well disposed toward me, because he knows that we must fight unmercifully against—I repeat—those deadly road hazards.

[*English*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, if there are any delays in dealing with inquiries of the kind the hon. gentleman suggested there might be, in the procedures of the Board of Transport Commissioners, I will ask them to make every effort to eliminate such delays. I think everyone realizes how desirable and important it is to eliminate really dangerous level crossings and to protect other level crossings. I do not think we adequately appreciate yet how much has been accomplished in this country in the last 15 years. The progress has been absolutely extraordinary. I was given some figures today that astonished me, though I probably ought to have known them; but one does not keep all these figures in one's head all the time.

As of September last year—these are the latest figures available—Ontario had 8,603 railway-highway crossings, and Quebec had 3,598. In Ontario 12.2 per cent of the crossings were grade separated, that is to say they were not level crossings at all, and in Quebec the figure was 12.3 per cent. In Ontario 22.9 per cent of the level crossings were protected; in Quebec, 30.5 per cent. If you add the two

together you find that the percentage in Ontario that we protected either by grade separation or other protection was 35.1 per cent; in Quebec, 42.8 per cent. This means it is getting very close to half for those in Quebec that are already protected. In Canada as a whole, unfortunately, the record is not so good. The only province better than Quebec in this regard is Nova Scotia; that happens to be the best province in the whole country.

• (10:10 p.m.)

I do not believe this parliament would hesitate to vote any funds needed in order to eliminate these hazards. I gave some figures the other evening, which I have not with me at the moment, but I think we should realize that while the rate of fatalities and serious accidents on the highways is going up steadily in Canada, in recent years, it has gone down steadily in respect of level crossings. The percentage has gone down very markedly, as have the absolute numbers in recent years. This means that in view of the fact that motor traffic is increasing constantly, this is perhaps the area—the area of avoiding accidents—in which most progress has been made. However that does not mean that we should not go on doing everything we can to get more protection.

NATURAL GAS—TRANS-CANADA PIPE LINES—SUGGESTED TWINNING OF LINE IN CANADA

Mr. M. W. Martin (Timmins): Mr. Speaker, the matter that I raised yesterday is not a new one to be raised in the house, but it throws some new information on the matter I had occasion to raise before. I am referring to the proposal of Trans-Canada Pipe Lines to build a trans Canada pipe line through the United States, a proposal which unfortunately has received the blessing of this government. My objections, the objections of my party and of many other Canadians to this proposal are no secret. We are opposed to it for three major reasons: first, because it will starve and blight the north country; second, because it will place the necks of the Canadian customers in the noose, in that the decisions, rules and regulations concerning a resource as vital as natural gas and upon which Canadian industry will depend will be subject to rules, regulations and decisions made in a foreign country, and we do not think this is any favour to Canadian customers. Our third objection is to the fact that we will be accepting a very bad precedent—pipe lines being the transportation of the future—and setting a very bad example by building our transcontinental pipe lines through a foreign country.

[Mr. Pickersgill.]

I was very surprised this week to hear officials of the ministers' department claim that there is no objection, particularly in the north country, to this proposal of the government. I have here partial returns of a questionnaire which we sent out across the country to see what the people felt about this proposal. I can make it available to the minister and to any of his officials, if they wish to have it. I would like to list a few of these returns. From the riding of Cochrane, out of 377 returns only two were in favour. In Timmins out of 488 there was only one in favour. In Fort William out of 456, three were in favour. In Port Arthur out of 674, two were in favour. In Kenora Rainy River, out of 366, one was in favour. In Algoma East—the riding of the Prime Minister—out of 205 replies, three were in support of the government stand. In Algoma West, out of 355 replies, 15 were in favour. I discovered that this was due to the fact that they had been misinformed to the extent that they were told that the only hope of getting Canadian gas was through the American line, and yet for the last five years Canadian gas was only 80 miles away, at Blind River. In Sudbury and Nickel Belt, out of 542 replies there were three favouring the government stand, and while the returns are not compiled completely from Timiskaming and Nipissing, out of approximately 1,000 replies, four favoured the government. This means that out of 4,500 replies less than three-quarters of 1 per cent backed the government stand on this particular proposal.

I think it would be of benefit to the minister and to hon. members if I put on the record an excerpt from a letter which was sent to the *Sault Star* on December 7 dealing with this proposal. It is somewhat of a fantasy, but it shows what would have happened if the same kind of thinking that goes on today had been in effect 100 years ago. This is the story:

> It is the year 1878 and Prime Minister Sir John A. Macdonald has just announced that instead of building the proposed Canadian Pacific Railway over the frozen wasteland and rocks of Canada as originally proposed, it would be built through the United States at a great saving. The railway will now be called the Atchison, Topeka and the C.P.R.
>
> It is the year 1937 and Prime Minister Mackenzie King has announced that a coast to coast airline has been founded. Terminals will be built in the United States at a great saving on heating costs. He stated that it was a wonderful achievement for a country with a population of a hundred thousand people. The new airline will be known as the Minnesota, Michigan and Air Canada Ltd. Passengers may transfer from Detroit by dog team to the unspoiled, uninhabited area known as Sault Ste. Marie.

News Bulletin. Dateline has stated that since Canada has refused to accede to his demand that they (Canada) cease sending wheat to Lower Slobovia, action will immediately be taken.

President Silverwater reaches for a button in his office which controls the pump for the Trans-Canada Pipe Lines...

Maybe this is somewhat fantastic but this is exactly what would have happened 100 years ago if the thinking of the present government had been adopted at that time. However, Mr. Speaker, it would appear we are going to be saved by the bell from our own foolishness. If we look at the *Globe and Mail* of yesterday we find it reports that the holding of additional hearings will result in postponement of the final decision by the United States Federal Power Commission until late this year. Then the article says that when the commission finally disposes of the issue, first taken up more than two years ago, there is a possibility any ruling it would make would be challenged in the United States courts, causing still further long delays.

This means of course that we can confidently expect to wait two years before any decision is made. Trans-Canada has committed itself to this government to the effect that by 1970, three years from now, they are prepared to start looping the northern line. We say that they should start this now. We say that this government should urge and insist that they start it now. There is no denying the fact that this government has made out a case, and the energy board has given proof, of the desperate need that is growing in southern Ontario and Quebec for gas. It is well known that the north is short of it now. You can ask any industry from Kenora, to Dryden, to Kapuskasing or Sudbury, and they will all say they are short of gas.

The energy board has been telling Trans-Canada for the last three years that they should increase the gas supply. There is no excuse for any postponement. There is no excuse for waiting another two years, only to be turned down by the United States power commission and then try to repair the damage. This article in yesterday's *Globe and Mail* asserts again what we have been saying before the energy board, that Trans-Canada officials have said they would never join Northern Gas in any gas exchange scheme, insisting that they would enlarge their line in Canada rather than accept this alternative.

I should like to impress upon the minister that the responsibility toward Canadian customers in the north and south is not the responsibility of Trans-Canada. Their responsibility is only to their own company and their own shareholders. It is only the government of Canada that has responsibility to the Canadian people and responsibility for our resources. Let us accept that responsibility. Let us start now. Let this government tell Trans-Canada to get on with the job. If they are short of money, we will lend them money. We did it before, and they paid it back.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): I am not going to argue the substance of the Great Lakes case. I have done this before, and the hon. member is aware of it as are other members of this house. In a number of speeches and letters to unions and associations of all kinds, I have explained the position of the government. I am rather amused, though, by the fact that the hon. member took great pains to give the detailed results of the questionnaire his party circulated. He only forgot to mention the number of copies of the questionnaire that were sent out. I presume this is not too favourable to his case and he preferred not to mention it. I am sure that if the hon. member had been asked about the value of the questionnaire sent out by the hon. member for Lapointe to his constituents, asking whether or not he should remain in the house as a separatist, he would have said it was not worth the paper on which it was written.

I have read the article to which the hon. member referred. The last part is a historical review, while the first part describes the attack made by Northern Natural Gas Company, a United States company on the Great Lakes project. The reason for this attack is obvious; Northern also has a project in opposition to the Trans-Canada project. You would not expect anything else from them, would you? I have the impression that the headline of the article is quite a bit wider than the article itself, as is often the case.

We could not start twinning the existing Canadian line now because that would be illegal. The authorization of the National Energy Board would have to be obtained first, and no request has been made for such authorization. I am sure the hon. member is the first one who would want us to respect the law.

• (10:20 p.m.)

There is, however, something worth while in what the hon. member says. It has to do with the responsibility of the government to make sure—I think this is what he really meant —that the necessary precautions are taken by

Trans-Canada Pipe Lines, in case the Great Lakes project is not accepted by the Federal Power Commission. I can guarantee the hon. member that we are taking these precautions. We have asked the company to keep us informed on alternative planning—which it is doing now—in case the Federal Power Commission refuses to accept the Great Lakes project in its present form. This is our duty, and I am quite as responsible, I believe, as the hon. member would be if he were sitting in my chair.

The company has in fact kept the National Energy Board informed on discussions with its customers on what could be done in case the project is refused. This does not imply on our part a lack of approval of the project. I have said a number of times that this was the best project available at the moment. Neither does it imply on our part lack of hope that the U.S. Federal Power Commission will recognize that this project is in the interest of Canada and the United States. Ours are simply normal precautions taken by prudent men, which in such instances are necessary.

POLLUTION—REQUEST FOR FURTHER RESEARCH INTO DETERGENTS

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, one of the first conditions which drew the attention of the public to water pollution was the appearance of foam or suds on the surface of the water. While this was not the most dangerous type, it was the most noticeable. Much of it was caused by detergents used in the home for washing, and in industry in the manufacture of textiles, paints and other products.

In Canada a campaign was put on by the manufacturers of detergents to reduce the sudsing effect. A completely new ingredient known as LAS, or linear alkylate sulfonate, was substituted for the sudsing component. This new chemical is bio-degradable; in other words, it decomposes in sewage plants to a degree of about 95 per cent and eliminates foaming to all intents and purposes. The Canadian Manufacturers of Chemical Specialties have confirmed that the Canadian manufacturers of detergents have now completely converted to this new product. A word of commendation is due to them for their effort in this regard, effected at considerable expense. The appearance of Canadian waters should noticeably improve in 1967.

My question to the minister related to the continuation of research in this field. Although the appearance of waters may improve, the nutrient component is still there. Detergents have not been made pure, because they will still provide the nutrients which induce algae growth. In a way the situation may be more dangerous because public fears may subside when the foaming is no longer visible. Furthermore, there are other sources of water pollution than detergents. I am asking for confirmation from the minister that research in this very important area will be pressed forward even more strongly in 1967.

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I am quite willing to agree with my hon. friend on the progress that industry has made in this field, but I am very eager to agree with him that the changeover to non-frothing detergent soaps by the manufacturers merely corrects the ugly formation of foam in the receiving waters. This change has, unfortunately, as the hon. member said, no effect on the phosphate content of detergents or on the removal of this constituent in waste water treatment. The government, through the co-operation of several departments and the International Joint Commission, is continuing to conduct research on the phosphate problem through the programs of investigations on the great lakes. The hon. member is aware of that. He is also aware that I consider the research presently done by the federal government on the great lakes, where the federal government has clear jurisdiction, a symbol of the government's willingness to contribute to the solution of the pollution problem. In the coming years the great lakes will be our great federal laboratory—if you put it this way—the laboratory in which we shall find the answer to pollution problems.

Requests for research grants totalling about $40,000 to universities and research institutes relating to phosphates are currently being considered by one government department. I can assure my hon. friend that we shall do our best. I am grateful, as usual, for his constant prompting.

Motion agreed to and the house adjourned at 10.29 p.m.

HOUSE OF COMMONS

Friday, January 20, 1967

The house met at 11 a.m.

PRIVILEGE

MR. HOWARD—PRESS REPORT OF SPEECH BY MINISTER WITHOUT PORTFOLIO

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to rise on a question of privilege concerning an article which appeared in the Ottawa *Citizen* yesterday, January 19, written by Charles Lynch, an old and dear friend of mine I might say, entitled "Speeches we can do without".

Part of Mr. Lynch's article reads as follows:

But there are ministers whose speeches are approached with expectation—and such a one is John Turner, the Minister without Portfolio—

Some hon. Members: Hear, hear.

Mr. Howard: The article then continues:

—by general agreement a rising star in the ranks of the Liberal government.

Some hon. Members: Hear, hear.

Mr. Howard: The next paragraph reads:

Alas, even the youthful Mr. Turner, the supposed swinger of the treasury benches, can go dead on us.

Some hon. Members: Oh, oh.

Mr. Howard: Mr. Lynch's article indicates that a particular speech which the hon. member for St. Lawrence-St. George made at a meeting of the Dominion Marine Association was in effect a cream puff speech which contained nothing of substance. The speech made by the minister the other evening at that meeting in Montreal contained one of the most important declarations regarding the field of shipping and the shipping industry to be made in Canada. In that speech the minister declared that for the first time in Canada's history, even though the authority has been in the Canada Shipping Act probably since confederation, the government is going to establish manning scales for ships plying the lakes, and will concentrate in the first instance on departmental ships and large modern lakers used by private industry.

This declaration will serve the purpose of saving the lives of many Canadian sailors and will prevent a great deal of damage to the industry itself.

I will not conclude my question of privilege by moving a motion, but if I were to do so I would do so by paraphrasing the words of Mr. Lynch and say "Please, Charlie baby, from now on read all the words of the speeches".

• (11:10 a.m.)

Mr. Speaker: Order, please. I hesitate to prevent the minister from replying to the speech just just made by the hon. member for Skeena, but on reflection I am sure he will recognize that there is no valid question of privilege. I shall not refer to the citiations which might be to the point. Considering also that the matter was not followed by a motion, I suggest to hon. members that we should not proceed further with the matter.

MR. BENSON—NEWSPAPER PICTURE BEARING WRONG NAME

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, I would like to rise on a question of privilege.

Some hon. Members: Hear, hear.

Mr. Benson: In yesterday's *Le Droit* a picture of me appeared, and underneath it was the name of Dalton Camp.

Some hon. Members: Oh, oh.

Mr. Benson: I would simply like to say that there is no similarity whatsoever between Mr. Camp and myself. He hasn't any hair.

NORTHERN AFFAIRS AND NATIONAL RESOURCES

Fourth report of standing committee on northern affairs and national resources—Mr. Badanai.

[*Note: Text of the foregoing report appears in today's Votes and Proceedings.*]

TRADE

TABLING OF LIST OF MEMBERS OF EXPORT ADVISORY COUNCIL

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I beg leave to table

the list, in alphabetical order, of members of the newly established export advisory council, and pro forma copies in English and French of the letters of invitation which were sent to the members. The first meeting of the council has been called for February 6.

Mr. Speaker: Has the minister leave to table these documents?

Some hon. Members: Agreed.

EXTERNAL AFFAIRS

STEPS BY U.S. TO WITHHOLD SUPPLIES FROM NORTH VIET NAM

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Transport. Yesterday I drew his attention to a Washington dispatch which quoted Ross Flannigan, chairman of a Quaker action group, alleging that Air Canada had refused to accept shipments of medical supplies which the Quakers wanted to send to North Viet Nam. I asked the minister at that time if he would make inquiries of Air Canada and find out whether these allegations were correct.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I had inquiries made of Air Canada and was informed that they had received a request for free or reduced rate transportation for medical supplies to be shipped by Air Canada to Moscow destined for North Viet Nam.

Under the IATA regulations, resolution 200, paragraph 2c, member air lines are allowed to send "any person or supplies to provide relief in case of general epidemic, disaster or other calamitous visitation but not transportation to or from zones of military operation". Air Canada as a common carrier cannot refuse and has not refused to accept revenue shipments of this nature, but it is prohibited from providing free or reduced transportation under the IATA regulations. The Russian air line Aeroflot is not a member of IATA and therefore I assume would not be limited in the same way.

Mr. Douglas: I have a supplementary question, Mr. Speaker. Is my understanding of what the minister said correct, that the only reason for refusing to handle these medical supplies was the request that they be shipped either free or at a reduced rate, and that if the Quakers were willing to pay the regular rate Air Canada would be willing to carry these supplies?

[Mr. Winters.]

Mr. Pickersgill: Perhaps the hon. gentleman was not listening very attentively because, as I said, there was no refusal by Air Canada. Air Canada was requested to provide free or reduced transportation. The goods were not offered for transport at the regular rates, and I indicated in my answer that if they were Air Canada, as a common carrier, would have accepted them.

Mr. David Lewis (York South): Mr. Speaker, yesterday I asked the Minister of Trade and Commerce whether his attention had been drawn to a report in the Toronto *Star* in which it was alleged that Mr. Somerfield, chief counsel of the treasury department, foreign assets control, of the United States has said that his department has forbidden Canadian subsidiaries of United States pharmaceutical organizations to sell anything to the Quakers for shipment to North Viet Nam. The minister said that he had not seen the report, and I will quote him from page 11976 of yesterday's *Hansard*:

> I have not seen the report, Mr. Speaker. When I do see it I will judge what action, if any, should be taken.

May I ask the minister now whether he has seen the report and what action, if any, he intends to take.

Hon. Robert Winters (Minister of Trade and Commerce): Mr. Speaker, I have seen the report, in fact I have a copy of it before me now. I got in touch at once with our embassy in Washington through the regular channels. The embassy then was in touch with the United States government, and has been advised that neither the department of state nor the department of treasury of the United States government has issued any special directives to United States drug companies to instruct their subsidiary companies in Canada to refuse to sell medical supplies for transmission to North Viet Nam. As the hon. member knows, in the United States there are foreign assets control regulations and North Viet Nam is one of the prohibited areas. However, there have been no recent developments with respect to trading by Canadian companies, and the United States is well aware of our attitude in this regard. It is understood that the Canadian Friends' Service Committee finds no difficulty in obtaining from Canadian companies the medical supplies which it needs.

Mr. Lewis: I have a further supplementary question, Mr. Speaker. The minister may have noticed in the report which he says he

has in his hands an alleged statement by Mr. Somerfield that there are regulations on the books prohibiting United States pharmaceutical firms in Canada or elsewhere from selling supplies to North Viet Nam without permission. The report apparently uses the words "from us", which I assume means from the United States' authorities. If so, is the minister or the government prepared to make representations to the United States authorities that we expect corporations in Canada to act in accordance with Canadian laws and not in accordance with the laws of a foreign country?

Mr. Winters: Yes, Mr. Speaker. The United States government is well aware of the attitude of the Canadian government on this matter, as I have stated on previous occasions. This is one of the subjects we brought up in a very forceful way at the time we met with the United States ministers early last year. They know very well our point of view on extraterritoriality. In this instance no harm appears to have been done to Canadian interests. Nevertheless it is something which we regard as very serious and which we intend to keep before the United States authorities.

Mr. Lewis: So far without results.

RHODESIA—REPORTED WITHHOLDING OF MEDICAL INFORMATION AND SUPPLIES

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): My question is for the Prime Minister, Mr. Speaker, and I should like to ask if he has had an opportunity of looking into the story concerning the World Health Organization sanction against Rhodesia?

Mr. Speaker: Order. I do not think the question as asked can be accepted at the present time.

Mr. Johnston: I asked this question of the Prime Minister yesterday. At that time he said he had not had an opportunity to look into the matter, but he would do so and report to the house. My question today follows upon that, so I am asking if he has done so.

Right Hon. L. B. Pearson (Prime Minister): I have not received the report yet. Just as soon as I have I will make it available to the the house.

[*Translation*]

PUBLIC SERVICE

MINES AND ENERGY DEPARTMENT—PROPORTION OF FRENCH SPEAKING EMPLOYEES

On the orders of the day:

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I wish to put a question to the hon. Minister of Energy, Mines and Resources.

My question stems from the reply given to me on January 11 last by the parliamentary secretary to the minister when I asked how many French speaking and English speaking civil servants there were in the department.

Can the minister tell us whether he intends to foster the hiring of French speaking employees in his department; can he also tell us—

Mr. Speaker: Order.

Mr. Laprise:— whether he intends to increase the number of mining news being published in French?

Mr. Speaker: Order. The question is general in character and may not be asked at the present time.

[*English*]

FINANCE

BANK ACT REVISION—POSSIBLE RETALIATION BY UNITED STATES

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): I have a question for the Prime Minister. Can he inform the house what action he expects to take with respect to the government's revision of the Bank Act and possible retaliation by the government of the United States?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the Bank Act is before a committee of this house, and that committee is dealing with it. It will proceed in the normal way, I hope, and will reach this house before long. We are not concerned with what my hon. friend has mentioned in our consideration of this matter.

Mr. Eldon M. Woolliams (Bow River): My question arises out of the Prime Minister's answer. He has said he is not concerned. Can he inform the house whether there have been any repercussions from the amendments to the Bank Act which are before the committee in so far as our own chartered banks are concerned which are doing business in states

like California, where they hold quite a share of the business?

Mr. Pearson: The matter is before the committee and this aspect of the problem can undoubtedly be brought before that committee by those concerned. I do not feel I should comment on it in the house while the matter is before the committee.

CANADIAN CENTENNIAL

PRESENTATION OF CERTIFICATES TO CITIZENS 100 YEARS OLD

On the orders of the day:

Mr. Reynold Rapp (Melfort-Humboldt-Tisdale): I have a question for the Secretary of State. Can the hon. lady inform the house what procedure will be followed in presenting certificates to citizens who are 100 years old? Will the certificates be presented on a certain day, or at the time those citizens reach their one hundredth birthday?

Mr. Speaker: Order. This question should be placed on the order paper.

[*Later:*]

Mr. Rapp: Mr. Speaker, would you allow me to rephrase my question to the Secretary of State. Will certificates be presented to those citizens I have mentioned at the end of this month?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, the certificates will be delivered to all hon. members of the house on and after the 23rd of the month, when they have been signed by the Governor General and framed. It is then up to individual members of parliament to arrange an appropriate presentation time convenient for them, for the press, and particularly for the honoured individual who has reached the age of 100 years.

CANADIAN BROADCASTING CORPORATION

REQUEST FOR CONTINUATION OF PROGRAM "QUENTIN DURGENS"

On the orders of the day:

Mr. David MacDonald (Prince): My question is for the Secretary of State. In view of the recent renewal of the television series "Wojeck" by the Canadian Broadcasting Corporation and the overwhelming response to the succeeding series "Quentin Durgens", with the additional great good it is doing for parliament and the country, will the Secretary of State convey to the Canadian Broadcasting Corporation the keen desire of many to see this series renewed as well for next season?

Mr. Speaker: Order. I am sorry I am preventing the Secretary of State from making statements today, but this question should be placed on the order paper.

[*Translation*]

BROADCASTING

REQUEST FOR REVISION OF POLITICAL BROADCAST REGULATIONS

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should like to put a question to the Secretary of State, and I am ready to raise the matter at ten o'clock, should the minister want to give a more elaborate answer.

Here is my question: does the government intend to implement the recommendations of the Canadian Association of Broadcasters to amend sections 17 and 18 of the Broadcasting Act regarding political programs that private stations pass up because they are not technical enough to be interesting?

Mr. Speaker: Order. The hon. member admitted himself that this question could be discussed more properly at ten o'clock.

[*English*]

IMMIGRATION

ADOLF VON THADDEN—REPRESENTATIONS RESPECTING ENTRY

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Acting Minister of Manpower and Immigration. I have been requested to ask this question by a number of persons across Canada, including some well known members of our party and trade unionists.

In view of the fact that the official publication of the German National Democratic Party extols the accomplishments of Hitler, who according to this newspaper was defeated by "war criminal Churchill", does the minister consider this statement grounds for the refusal of admission to Canada of Adolf von Thadden in the interest of national security?

Hon. J. R. Nicholson (Acting Minister of Manpower and Immigration): Mr. Speaker, I would just point out that most of the material quoted by the hon. member is argumentative but as acting minister, I will be pleased to pass on the question to my colleague, the minister, and have him consider it immediately.

[*Translation*]

EXPO '67

SUGGESTED INVITATION TO HIS HOLINESS THE POPE

On the orders of the day:

Mr. Maurice Allard (Sherbrooke): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs.

Some hon. Members: Hear, hear.

Mr. Allard: I thank the members of the Liberal party for their applause; it is probably a follow-up to the applause given the Minister of Manpower and Immigration (Mr. Marchand) a few days ago.

My question is as follows: In view of the fact that reports from Vatican City seem to indicate that Pope Paul VI may come to the World's Fair between June 11 and 15 next, would the government agree to extend an official invitation to His Holiness to come to Ottawa, not only as a religious leader and as head of the Vatican state but also as a major advocate of world peace?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, as the hon. member should be very well aware, we were recently informed by the Apostolic Delegate that it would be impossible for His Holiness the Pope to come to Canada this year.

[*English*]

LABOUR RELATIONS

AVAILABILITY OF ROYAL COMMISSION REPORT ON AUSTRALIAN LABOUR COURTS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I wish to direct a question to the Minister of Labour. Is he aware that royal commissioner Ivan C. Rand will be going to Australia on February 1 for a month long study of the labour arbitration courts in that country as an alternative to strikes? If so, is anything being done or suggested by the federal Department of Labour so that the findings and recommendations of this highly respected authority on labour-management matters can be made available to the house when considering new labour disputes legislation?

Hon. J. R. Nicholson (Minister of Labour): I shall take the question as notice, Mr. Speaker.

Inquiries of the Ministry

INQUIRY AS TO REPORT OF TASK FORCE

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I wish to direct a supplementary question to the Prime Minister. Just before the Christmas recess the Prime Minister indicated that he might be considering asking Dean Woods for an interim report on this particular subject in reference to employer-employee relations and management-labour disputes. Has he anything to report on that now?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I hope the task force which has been set up to deal with this matter will be able to make an interim report on certain important aspects of their work. Their final report will take a good deal of time. I hope it will be possible to get an interim report, but they are not in a position to submit one yet.

MARITIME UNIONS TRUSTEES—REQUEST FOR TABLING OF CORRESPONDENCE

On the orders of the day:

Mr. Frank Howard (Skeena): I have a question to ask of the Minister of Labour. On motions the other day when the minister made his announcement about the extension of the life of the maritime unions trustees I asked him if he would not be willing to outline to the house the projects the trustees had not yet completed, and whether he would be prepared to table correspondence between himself and the trustees relating to their reappointment.

Mr. Speaker: Order, please. I think the hon. member is asking for a lengthy and protracted statement from the minister. Perhaps that part of the question relating to the tabling of documents is in order.

Hon. J. R. Nicholson (Minister of Labour): There is no reason that I know of why the documents should not be tabled. The trustees file an annual report each year, and we have had an interim report. If the house is interested, I could table the interim report and my two letters including the one of acknowledgement. I shall be pleased to do so early next week.

VETERANS AFFAIRS

REQUEST FOR INCREASED ALLOWANCES FOR WIDOWS AND DEPENDANTS

On the orders of the day:

Mr. R. A. Webb (Hastings-Frontenac): Mr. Speaker, I wish to direct a question to the

Minister of Veterans Affairs. Because widows and dependants were not included in the minister's announcement of November 14, many hon. members are receiving an ever-increasing amount of mail and inquiries regarding a possible increase in the allowances for the widows and dependants of veterans. Would the minister please advise the house what are the plans of the government?

Hon. Roger Teillet (Minister of Veterans Affairs): In the first instance, Mr. Speaker, widows of course are included in the increase. There is no question about that. The basic rate is increased, and it applies to widows. The exceptions in this particular case were the dependants of living veterans, and as I indicated in reply to a question earlier, we are making a study of this. We granted the interim increase pending completion of that study, and I cannot give an indication at this time of when the study will be completed.

Mr. F. J. W. Fane (Vegreville): As a supplementary question, may I ask the minister does he realize that the increase which was given to married veterans amounts to about 7½ per cent or 8 per cent, and not the 15 per cent that it was supposed to be?

Mr. Speaker: Order, please.

UNEMPLOYMENT INSURANCE

REQUEST FOR INCREASE IN MAXIMUM BENEFITS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Labour with reference to the maximum rates of benefit under the Unemployment Insurance Act. It is eight years since the maximum rates were set and five years since the Gill committee recommended an increase. Can the minister say whether an increase will be proposed this year by the government?

Hon. J. R. Nicholson (Minister of Labour): Mr. Speaker, I have stated on at least two occasions that the interdepartmental committee established by the Prime Minister some months ago has turned in its report and that I am now studying it. The report contains a great many recommendations. I cannot say whether the report deals with the hon. member's point but I have said that I was hopeful that we might be able to introduce by regulation—not by legislation—during 1967 certain changes based on the report. If any such changes are to be made they will be reflecting government policy, which will be made known in due course.

Mr. Knowles: A supplementary question, Mr. Speaker. Can the benefits be raised by regulation? Would that not require an amendment to the act?

Mr. Nicholson: That Mr. Speaker, I am afraid, is a question of law which I am not in a position to answer.

ADMINISTRATION OF JUSTICE

INQUIRY AS TO LEGISLATION RESPECTING WIRE TAPPING

On the orders of the day:

Mr. Robert Stanbury (York-Scarborough): I have a question for the Solicitor General. Has the government received a request from the chairman of the metropolitan Toronto police commission for federal legislation to control wire tapping, which the chairman as reported in this morning's *Globe and Mail* describes as a growing peril to personal freedom?

Some hon. Members: Hear, hear.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I am not in a position to say that I have received such a communication, but I should be glad to look into it and advise the hon. member.

Mr. Stanbury: A supplementary question, Mr. Speaker. In view of this report and reports of recent United States action in this field, and today's report that Senator Robert Kennedy intends to introduce legislation to reform the entire United States approach to this problem of eavesdropping, will the government not consider referring to the justice committee the subject matter of my Bill No. C-45, that there may be a full public review of the seriousness and extent of electronic intrusions into the lives of our citizens?

Mr. Pennell: Mr. Speaker, this is a large problem that may relate not only to criminal investigation but also to security matters. A royal commission has been appointed to look into security measures. Discussions are continuing between the departments of the Minister of Justice and the Solicitor General, and I am not prepared to commit myself on the proposition put forth by the hon. member.

DEATHS OF PRISONERS BY SUICIDE

On the orders of the day:

Mr. Ralph Cowan (York-Humber): I have a question for the Solicitor General. Inasmuch as a prisoner in Cornwall committed suicide by hanging, another prisoner in Stratford committed suicide by hanging, and two prisoners in federal penitentiaries in Canada committed suicide by hanging during the Christmas holidays, I ask if the cabinet is taking extra precautions to see that convicted murderers serving life sentences have extra guards so they will not be able to double cross the cabinet by hanging themselves.

Some hon. Members: Oh, oh.

BUSINESS OF THE HOUSE

REQUEST FOR CONSIDERATION OF BILL RESPECTING FILM INDUSTRY

On the orders of the day:

Mr. David MacDonald (Prince): My question is to the right hon. the Prime Minister. Can the Prime Minister tell the house what action his government will take as the result of the telegram he recently received from leading representatives of the Canadian film industry which asks for immediate attention and action with respect to Bill C-204, which has been sitting on the order paper since June 20?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, one reason for the difficulty in giving immediate attention to this and other matters will be made clear in a few minutes.

Some hon. Members: Oh, oh.

RESEARCH

REQUEST FOR INCREASED GRANTS FOR MEDICAL RESEARCH

On the orders of the day:

Mr. David Orlikow (Winnipeg North): I wish to direct a question to the Minister of Industry and ask him whether in the light of representations made this past week by the Ontario Medical College about the critical shortage of medical teaching staff caused by lack of research funds the government will give new consideration to sharply increasing the grants for medical research.

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, as the Prime Minister has said a number of times the government in the next period intends to increase substantially grants for research in medical and other fields.

Inquiries of the Ministry

HIGHWAY SAFETY

REQUEST FOR INFORMATION ON SNOW TIRE STUDS

On the orders of the day:

Mr. Barry Mather (New Westminster): My question is for the Minister of Industry and relates to motoring safety. Has the minister's department on file research information about the beneficial effects of snow tire studs? If so, when will this information be given to the general public?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I am not sure what research information may be on file, but I shall have inquiries made.

NATIONAL FILM BOARD

COMPLAINTS RESPECTING PRODUCTION OF FILM FOR C.B.C.

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): I have a question for the Secretary of State of which I gave her notice. Has the minister received a protest from the international union of motion picture photographers complaining that the National Film Board is going beyond its mandate in making a full length feature film for the C.B.C? If so, what reply has she made?

Mr. Speaker: Order, please. I suggest that question should be put on the order paper.

[*Later:*]

Mr. Prittie: Mr. Speaker, I wonder whether you would reconsider your ruling on the question I asked earlier of the Secretary of State. It has to do with an important matter, since the union in question is threatening to boycott production of this National Film Board feature in theatres throughout North America because it believes the board is in competition with private industry. I believe the Secretary of State has an answer in this regard.

Hon. Judy V. LaMarsh (Secretary of State): I thank the hon. member for having given me notice of this question. I have seen Mr. Cole of I.A.T.S.E. and listened to his complaints. He did complain that the present activities of the National Film Board were not within the provisions of the act. As the hon. member knows, as a minister of the crown I am not in a position to give a legal opinion, but anyone may look at sections 9 and 10 of the National Film Board Act and see that this sort of endeavour falls within them.

Inquiries of the Ministry

Mr. Cole has demanded that a collective agreement be signed with his local in Toronto, a demand which the film board has rejected on the grounds that the board will not instruct its employees to join any particular union. In fact, I am informed that the employees of the film board have joined other unions, particularly Le Syndicat Général du Cinéma.

Mr. Cole has also threatened to prevent distribution of the film now being prepared, and has even threatened to disrupt further an infant industry which all hon. members have indicated they would wish to see flourish in this country. It seems to me that it would be a most short sighted approach on the part of cameramen and other individuals associated with film making, to cause a disruption which would sabotage the efforts of government and prospects for the industry to grow in Canada.

AGRICULTURE

PRINCE RUPERT, B.C.—SUGGESTED VISIT BY HOUSE COMMITTEE

On the orders of the day:

Mr. Frank Howard (Skeena): I wish to direct a question to the hon. member for Essex South in his capacity as chairman of the agriculture committee and ask him whether, in the preparation of the tour the agriculture committee will make, consideration was given to taking the committee to Prince Rupert that it might see the lack of grain loading facilities there—

Mr. Speaker: Order, please. Perhaps the hon. member would like to ask that question at ten o'clock.

SPORTS

SKIING—RETURN OF NANCY GREENE THROUGH LACK OF FUNDS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, In view of the assurances given to the house by the Minister of National Health and Welfare with respect to funds being made available for the national ski team in Europe, and in view of the UPI press report in the *Journal* of yesterday from Austria which states that Miss Greene will miss the next alpine ski classics as she has to return home next Monday because her ski association does not have enough money to support her season long stay in Europe—

Mr. Speaker: Order, please. Can the hon. member ask the question?

[Miss LaMarsh.]

Mr. Herridge: I have just reached that point, Mr. Speaker. Would the minister mind taking up the subject of this rather disturbing press report?

[*Later:*]

Mr. Herridge: A question supplementary to the one I addressed earlier to the Minister of National Health and Welfare. Would the hon. gentleman mind checking into this somewhat disturbing story?

Hon. A. J. MacEachen (Minister of National Health and Welfare): I will be glad to check, but I am sure the situation is as I stated the other day. The national ski team made a request for assistance to finance its competitions in Europe. The request was fully met, and since the first report appeared in the newspapers we have checked further with the national ski association whose president has confirmed that funds were made available as requested and that the team will complete its competition schedule. I will make a further check because of the hon. member's keen interest in the success of Miss Nancy Greene.

TRANSPORT

ST. LAWRENCE SEAWAY—OPPORTUNITY TO PROTEST INCREASE IN TOLLS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I should like to ask the Prime Minister whether he has received a telegram from the council of the city of Sept Îles, Quebec, expressing outrage at the proposed increase in the tolls on the St. Lawrence seaway and asking the government for some assurance that before any action is taken in this regard they, and other interested parties, will be permitted to make representations.

Right Hon. L. B. Pearson (Prime Minister): Yes, I have received that telegram couched in very firm language, and a reply is being sent.

Mr. Douglas: Can the Prime Minister tell the house the nature of the government's reply?

Mr. Pearson: I will be able to do that after the reply has been made. It will be made very shortly.

Mr. Douglas: Can the Prime Minister give the house the assurance which is being asked by the council of Sept Îles, that an opportunity will be provided for public hearings or for representations to be made by interested parties?

Mr. Pearson: I shall have to deal with that matter in my reply; I do not have the telegram with me. I hope the hon. member can wait for a short time; later I will be in a position to answer his question.

GRAIN

OATS AND BARLEY—INQUIRY AS TO FINAL PAYMENT

On the orders of the day:

Mr. E. Nasserden (Rosthern): My question is addressed to the Minister of Trade and Commerce. Can the minister indicate when we may expect an announcement on the closing of the oats and barley pools and the amount of the final payment?

Hon. Robert Winters (Minister of Trade and Commerce): I expect to be in a position to do that very shortly.

INQUIRY OF THE MINISTRY

On the orders of the day:

Hon. J. A. MacLean (Queens): I want to ask the Secretary of State for External Affairs a question. Has he any comment to make on the statement which appeared in the press within the last couple of days—I believe it was in the Ottawa *Journal*—that he had conceded that he may have made a statement at a public meeting to the effect that in certain circumstances and with certain reservations, on some occasions at least, two and two might make four?

Hon. Paul Martin (Secretary of State for External Affairs): I would concede that kind of point.

Some hon. Members: Oh, oh.

BUSINESS OF THE HOUSE

SUGGESTED PROVISIONS RESPECTING PRIVATE MEMBERS' HOUR AND LUNCHEON ADJOURNMENT

On the orders of the day:

Hon. J. W. Pickersill (Minister of Transport): Before you leave the chair, Mr. Speaker —I have been advised that there would be general agreement to forgoing the private members' hour today, and to an adjournment of the committee for lunch from 1.30 p.m. to 2.00 p.m. Perhaps, for the convenience of hon. members, so they might know the arrangements, this could be so ordered now, if my interpretation is correct.

Hon. Gordon Churchill (Winnipeg South Centre): There is some uncertainty with regard to this. The house leader on this side is unavoidably absent today. I was not informed about these arrangements. I appreciate that we should have a lunch hour; the minister's health is sufficient reason for that. But whether we should forgo private members' hour week after week is another matter. Private members are surrendering their rights in this house by so doing.

Some hon. Members: Hear, hear.

Mr. Pickersgill: I was advised by the whip that the usual discussions had taken place among the whips and that there was an understanding. I am sorry if there was no such understanding reached. The hon. gentleman's chief whip is not here at the moment.

Mr. Churchill: The whips may reach understandings like this, but the people who have to speak in the house are not always the whips; that is the trouble.

Mr. Speaker: Order. There is obviously no agreement. It is my understanding that no order is made by the house either as to an adjournment at noon or as to the forgoing of the private members' hour.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Thursday, January 19, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: When the committee rose last evening, new section 336 of clause 53 of the bill, with an amendment by the hon. member for Winnipeg South, was under consideration. The proposed amendment is as follows:

That a new subsection be added as subsection (2) of section 336 as follows:

A shipper of goods in respect of which the rates in effect on the 1st day of January, 1965, were class and commodity rates subject to the Freight Rates Reduction Act, shall be deemed to have no alternative, effective and competitive service by a common carrier other than a rail carrier or carriers or combination of rail carriers.

Transportation

On clause 53—

Mr. Horner (Acadia): I was speaking when the time came for adjournment last night, and I should like now to continue my remarks and summarize what I believe the effect of this amendment would be.

• (11:50 a.m.)

In order to benefit from this particular clause one must have no alternative effective competition. He then must apply to this board and assert and prove that he is in a captive position. I should like to make this very clear. This is what caused the minister to be in difficulty yesterday. A person cannot just apply in order to be classed as a captive shipper. His rate may be 300 per cent above the variable cost so he would very much benefit if his rate was governed by this particular clause; but he cannot just apply, say that he wishes to become a captive shipper, and all of a sudden become one. He must assert and prove that he is in a captive position. In order to prove this he must declare that 100 per cent of his commodity will move by a given railway.

The effect this amendment has on this clause is that it broadens the definition of captive shipper and broadens the definition of captive locality. I think it is a very worth while amendment because of the phrase "alternative effective competition". In effect the clause says "Let us accept everybody who had to ship goods under class and non-competitive rates when the Freight Rates Reduction Act came in; let us accept them as being in a captive position, and let us accept them as being captive shippers". This then would allow these people and these areas to apply for and receive the maximum formula, if it would benefit them.

Last evening the minister said he thought this maximum formula clause would benefit very few. He said in effect that it is of very little benefit. If the clause were broadened as suggested by this amendment a greater degree of protection would be given to the western parts of Canada and the maritime region. I say this because if one goes back to the 1964-65 committee reports at page 968 it will be found from the waybill analysis which is set out there that, apart from grain moving under Crowsnest pass rates, nearly 60 per cent of all the freight moving into and out of western Canada moves under class and non-competitive rates. The same is true in respect of the maritime area.

From a study of the same report one can ascertain that from eastern to western Canada 44.4 per cent of the freight moves under class and non-competitive rates which were frozen under the Freight Rates Reduction Act. Without this broadening amendment this clause in the bill has the effect of throwing to the wolves the freight rates of western Canada and the maritimes. It has the effect of saying that we now think there is competition out there but it has not been proven.

[The Chairman.]

The government has been convinced by the railways. This is part of the agreement the minister made with the C.P.R., and which he read out on January 12. Not too long ago, in outlining this point, the minister mentioned that he felt the C.P.R. now should pay taxes on various property out there. This is part of the agreement the minister made. He said we are not worried about western Canada and the maritimes any more. He said we accept the fact that there is competition there. There is not absolute competition there, because they still are shipping goods under non-competitive rates.

If this amendment is not accepted the effect will be that freight rates will go up 50 per cent within five years on goods moving into and out of western Canada and on goods moving into and out of the maritimes. It will even have the effect of increasing the freight rates in and around the maritimes. Some 55.8 per cent of the goods shipped on railways moving in and around the maritimes moves under class and non-competitive rates. Without this amendment to this clause those rates will go up and up because in this bill there is no protection for this area. We all know that in the period between 1948 and 1958 freight rates increased 157 per cent. If this amendment is not accepted I predict that within five years from the passage of this bill freight rates in Canada in these particular areas at least will go up by 50 per cent.

Every member in this house should be aware of the fact that transportation plays a major part in the final cost of any goods. The mining association said that transportation accounts for 50 per cent to 70 per cent of the cost in respect of the final product. We have seen in the past year the effect of inflation. With the passage of this bill we would be adding fuel to the inflationary fires. If this amendment were accepted there would be some protection. The inflationary fires still would be there, but they would be smoking rather than burning brightly. I urge the members of this committee to consider this amendment very seriously, because it gives some protection to the areas of Canada which are still being developed, namely western Canada and the maritimes. Without this amendment

freight rates will go up and the inflationary fires will burn.

Mr. Sherman: Mr. Chairman, I do not intend to prolong the debate in respect of this clause any longer than is absolutely necessary. I think the clause and the proposed amendment have had a fair hearing by the government side of the house. I submit that most of us are prepared to have the question put in respect of this amendment without any further delay.

I should like, however, to say two or three things in support of the amendment I have moved. I do not intend to recapitulate the argument I have made on this subject. I first articulated it on December 21, buttressed it on Tuesday of this past week, and elaborated on it further yesterday. It would be unnecessarily repetitive and redundant for me to go into it in further detail on this occasion.

The province of Manitoba has stated its case. The key to the issue is the definition of captive shipper. The hon. member for Acadia has said that the proposed amendment broadens the definition of captive shipper. At the same time he says the proposed amendment provides a definition of captive shipper which at the present time is missing from the proposed legislation. I was interested to hear the hon. member for Medicine Hat say last night that since the amendment he proposed failed it now is necessary to patch up the clause as it is written in order to make the best possible job out of a bad thing.

This is a laudable sentiment and one to which I subscribe. I submit, however, that this is the whole purpose of the amendment I have put forward. The purpose of the amendment is to patch up this part of the legislation in order to make clear and precise what the legislation is talking about when it refers to captive shippers and the difficulty in respect of the application of the maximum rate formula. That is precisely the purpose of the amendment.

The greatest weakness is the lack of a proper definition of the term "captive shipper". Expert after expert, such as the professors who were retained by the provinces of Manitoba and Alberta, when appearing before the committee on transport and communications, made the same point.

• (12 noon)

The western provinces themselves in their submission, and witness after witness who appeared before the committee, made the same point, that the legislation fails to define adequately a captive shipper. The minister has said, and I subscribe to his views, that competition is a vital and desirable thing. He has indicated that he and his colleagues are attempting by this legislation to provide a healthier climate for competition in western Canada. We on this side of the house subscribe to the same philosophy, but perhaps to a greater degree than the minister. I am certainly in favour of competition.

What we are arguing is that in this particular context the prairies, where the regions are disparate and scattered, so far as bulk commodity shippers are concerned, there is virtually no such thing as competition. We are not talking about an environment of competition or a competitive climate; we are talking in large part about a monopoly situation enjoyed by the railway companies.

What we are attempting to do here is build in some protection for the bulk shippers in western Canada who, in that particular region of this country and on this continent, since the beginning of our existence as a nation have been dependent on and captive to the railway companies. That is the entire purport and philosophy behind the amendment I have moved. We want competition, but at the present time in the climate of commercial enterprise and regional settlement which exists in the west there is not an adequate environment for competition. The railway companies do not have competition; they have this entire business in the palms of their hands.

Under those circumstances and in that context we say bulk commodity shippers on the prairies deserve, indeed vitally require, some protection, and we suggest that by this amendment some of that protection would be provided.

Let me refer once again to the case made by the province of Manitoba in respect of this point when it referred to the fact that during its deliberations and in its pronouncements the royal commission on a number of occasions referred to the Freight Rates Reduction Act is evidence of the determination of the parliament of Canada that the class of non-competitive commodity shippers were shippers to whom the term "captive" could apply. Those are the shippers that the parliament of Canada determined should be relieved of the excessive burden caused by the last general freight rate increase in 1958.

We say in effect that virtually all western shippers of bulk commodity goods are captive shippers, and we suggest they should not have

to manifestly establish that fact before this commission because the Freight Rates Reduction Act of 1958 already affords them that status. We say they should be able to maintain that status and enjoy whatever benefits accrue to them.

That is the purport and intent of the amendment I propose, and I heartily endorse it to the minister and his colleagues on the government side of the house. I thank the minister for his kind attention to my argument.

Mr. Southam: Mr. Chairman, it is not my intent to put off the vote on this amendment, but not having been able to participate in the debate on this new section until now, and because I was a member of the standing committee on transportation and communication, I feel compelled to say I support the amendment proposed by the hon. member for Winnipeg South. Suffice it to say that other hon. members of the committee, including the hon. member for Medicine Hat, the hon. member for Acadia, the hon. member for Saint John-Albert and the hon. member for Winnipeg South in his strong argument have elaborated in great detail on the reasons we should seriously consider new section 336 of Bill C-231.

It has been pointed out and emphasized how important it is that some consideration be given to that large percentage of people using our transportation system in western Canada who are considered as captive shippers. To emphasize this fact I should like to refer to the summary of recommendations presented by the standing committee. Many witnesses supported this contention during evidence given to the committee.

Let me list some of the associations and bodies which were represented by witnesses during the hearings of that committee. The list includes the British Columbia Federation of Agriculture, Canadian Co-operative Wheat Producers Limited, Canadian Industrial Association, Canadian National Railways, Traffic League, Canadian Manufacturers', Canadian Pacific Railway, Canada Steamship Lines, Canadian Trucking Association, Coal Operators Association of Western Canada, the Liberal party of Manitoba, the Manitoba Branch Lines Association, the Maritime Transportation Commission, the Mining Association of Canada, the National Farmers' Union, the province of British Columbia, the province of Saskatchewan, Shell Canada Ltd., the Windsor Chamber of Commerce, the Winnipeg Chamber of Commerce and Wabush Mines.

That is not the complete list, because this summary of recommendations only covers hearings to November 8. It is very interesting to note that of the witnesses representing these 20 organizations, almost half put particular emphasis on new section 336. This new section was referred to at pages 5 and 6 of the summary of recommendations by the Canadian Traffic League; at page 9 by the Canadian Manufacturers' Association; at page 13 by the Canadian National Railways; at page 15 by the Canadian Pacific Railway and at page 24 by the Canadian Trucking Association. Very strong recommendations were made by individuals representing these associations. Many references have been made to the very worth-while brief presented by the province of Manitoba, and that brief gives a great deal of detail in respect of the importance of this new section.

At pages 29 and 40 the province of British Columbia dealt at some length with this new section, and it was dealt with by the government of Saskatchewan at page 41. At page 45 it was referred to by the Winnipeg Chamber of Commerce, and by Wabush Mines at page 46. I could go on at great length listing these references but I do not wish to take up any more time of the committee. I do appeal to the minister and members on the government side of this house to give serious consideration to the implication of and the basis for amendment moved by the hon. member for Winnipeg South. Thank you very much Mr. Chairman.

The Chairman: Is the committee ready for the question?

Some hon. Members: Question.

• (12:10 p.m.)

Amendment (Mr. Sherman) negatived: Yeas, 40; Nays, 68.

The Chairman: Order. I declare the amendment lost. Does this complete the discussion of new section 336?

Mr. Horner (Acadia): No.

Mr. Schreyer: Mr. Chairman, I should like very briefly to put to the minister the suggestion that even though the amendment just proposed to subsection 1 of new section 336 has been defeated, it is still not too late to make other improvements to the section so it

will be more fair in its effect and more effective. I suggest to the minister that even if he did not see fit to accept the amendment which would have given a more comprehensive definition to the term "captive shipper," that is one thing; but he should still give serious thought to the formula itself which will be applied by the commission in giving some protection to those, presumably very few, shippers who will be regarded as captive under the terms of this legislation.

Obviously, under subsection 2 of new section 336 the formula is that the commission shall set as a maximum a rate determined by taking the variable cost to the railways and adding 150 per cent to that variable cost. The rate shall be determined in this way. It was aptly demonstrated yesterday by other speakers and myself that it is very possible, in fact likely, that the railways, in the majority of cases where they are hauling commodities shipped by captive shippers, will be enjoying a mark-up in the order of 300 per cent and 400 per cent. I say this because the maximum rate formula, based as it is on variable cost plus 150 per cent and determined from a standard of a 30,000 pounds carload lot, will mean that in instances where the haulage is in carload lots of 70,000 pounds, 80,000 pounds, 90,000 pounds, 100,000 pounds or heavier, the mark-up will in fact be 300 per cent or 400 per cent.

In no case these days do the railways haul commodities in full carload lots of a weight less than 60,000 pounds or 70,000 pounds. When we look at the table given to the committee by the Manitoba council, and by Professors Williams and Borts, we find that the mark-up of the railways when they are hauling, under this formula, 70,000 pounds or 80,000 pounds carload lots is, as I said and I repeat again and again, in the order of 300 per cent, 400 per cent or even more. To have a maximum rate formula which allows for this kind of mark-up is simply incredible; there is no other word to describe it. It is unacceptable in every respect.

I hope the minister will see fit to accept the proposition that the formula ought to be changed so that the mark-up of the railways, when hauling goods for captive shippers, will be of an order that is deemed reasonable, just and permissible. A mark-up that is hovering around 300 per cent and 400 per cent is certainly not reasonable or just, and should not be regarded as permissible by members of this committee who are here to protect the public interest and the interest of shippers, particularly those shippers who are captive to the railways because of location or any other circumstance.

Therefore, Mr. Chairman, in order to bring this matter to a head and get the sense of members of the committee, I move:

> That clause 336 subclause (2) be amended by deleting the words "150 per cent of the variable cost as the fixed rate applicable to the carriage of the goods" in lines 21 and 22 and substituting the following: "the percentage difference that total permissive earnings are to freight variable costs plus an amount computed as being the cost of capital applicable to the carriage of such goods."

Speaking to the amendment, I wish to say that if accepted it would do two things. It would remove this fictitious formula which, as I have already said, would have the effect of giving the railways the opportunity to derive unconscionable mark-ups—and I think that is the proper word—on the carriage of commodities hauled for captive shippers. In addition, it would remove what I consider to be a rather basic anomaly in this section. The basic anomaly, in my opinion, is that under the terms of this formula the railways will be able to consider the cost of capital to be a variable cost and will be able to obtain a mark-up of 150 per cent on the cost of capital. The railways are not in the banking business, and it seems to me strange that they should be able to take advantage of a formula to actually make money on money. I thought this was a function of our banking institutions and not our transportation companies.

If the cost of money is to be computed into variable cost, that is fine; but the railways should not be allowed to earn a mark-up of 150 per cent, and it may be even more, on the cost of money to them. To try and articulate this point a little more precisely I would say that the cost of the money to the railways, which is deemed to be part of their variable cost, should be treated in this way; the railways should be allowed to recover the cost of money to them, but they should not be allowed to charge a rate that will give them 150 per cent of the cost of money to them. If my amendment were accepted it would remove this anomaly.

During the committee stage and the ensuing discussion in this chamber I did not hear the minister put forward any defence of the proposition that the cost of money to the railways should be brought into this formula so the railways could receive a return of 150 per cent of the cost of money to them.

• (12:20 p.m.)

Mr. Pickersgill: Mr. Chairman, I do not see anything in the amendment which would be out of order, but that is about the only thing I can say in its favour. In the first place I do not think that without some kind of definition of permissive earnings, which is not in the bill at all, it would be a very workable amendment, and I indicated last night how difficult I thought it was to determine permissible earnings in a situation that was part competitive and part regulated. I thought there were great difficulties about that.

My real objection—and I can put it in one sentence—is that the recommendation is based upon careful studies of the royal commission, and I am not yet satisfied that the hon. member for Springfield and whoever may be his advisers should be substituted for the people on whose advice the bill is based.

Mr. Schreyer: Mr. Chairman, the minister may very well be right when he says that he has more confidence in his advisers than in my advice or in that of the people who advise me. But I say to the minister that he has not as yet come to grips with the argument that a formula which allows for a mark-up of 300 or 400 per cent to the railways is unacceptable.

The minister has seen the projections which have been made by those who have studied the likely effects of this particular formula. It has been said by several speakers that if this section passes as it is now worded its effect will be that maximum rates will be set by the commission which will allow the railways to charge a rate giving them a mark-up up to and beyond 400 per cent. Does the minister think that just because this formula happened to have been recommended by a royal commission, that in itself is sufficient reason to consider it as the right formula? Does the mere *ipse dixit* of a royal commission make something right in itself?

Let us hear from the minister some logic and reasoning in defence of this formula. To hide behind the skirts of a royal commission report is something which I did not think this particular minister would want to do. The minister has a long career behind him and an impressive reputation as one who has demonstrated on many occasions in the past the ability to defend his position. He has not shown any logic or just cause why we should accept this formula except to say that the commission recommended it. I say that the mere *ipse dixit* of a royal commission is not in itself sufficient reason to accept a clause of the bill.

[Mr. Schreyer.]

I do not suppose the minister is disposed to do it, but I would like him to defend the position that we should accept a maximum rate formula which would allow mark-ups up to and beyond 400 per cent. This is the crux of the matter.

Mr. Sherman: I would like to support the argument put forward by my colleague from Manitoba, the hon. member for Springfield. Surely the day of the robber baron is over. It seems to me that there is no place in this commercial and competitive context for profit mark-ups in the neighbourhood of 400 per cent, 500 per cent and even 600 per cent.

Mr. Pickersgill: The hon. gentleman is not really serious when he speaks about profit mark-ups. He will appreciate, as I am sure all hon. members do, that the reason for the 150 per cent is to make a contrbiution to fixed costs. Hon. members must be aware that very frequently bulk commodities are the only commodities carried on a particular railway line. If one takes the ratio of 30 per cent of variable costs and 70 per cent of fixed costs, it is not a question of profits but of paying the expenses of the railway.

I am not here to defend the railways; I am here to try to get a decent bill. But I do not think we should call things by names that suggest something different from what they are.

Mr. Sherman: It is all very well for the minister to say that these are not profits, but according to the frustrations we have encountered when we have tried to find out the costing figures involved in the arguments advanced by the railways it was impossible to tell whether or not these are profits. However, I will accept the minister's interjection and call maximum rates mark-ups over actual variable costs. The fact remains that the figure of 150 per cent is not substantiated in any of the testimony that was brought forward before the standing committee. The figure of 150 per cent appears in the royal commission report and, as officials of the province of Manitoba pointed out, it was an arbitrary determinant which is nowhere supported in the commission report, nor is it contained in the published studies of the commission. The province of Manitoba was denied railway cost data to verify the accuracy of the figure or the impact of an alternate percentage factor subsequently dealt with in the Manitoba brief. This is the nub of the argument advanced by the hon. member for Springfield in his amendment, that nowhere

in any of the evidence presented to the standing committee or to the committee of the whole house has any reasonable justification been given for the selection of the figure of 150 per cent.

I know the minister does not have much faith in the philosophical argument brought to these deliberations by Professor George Borts, who was one of the witnesses appearing on behalf of the province of Manitoba. Although I know the minister has profound respect for the arguments and presentation of Professor Borts, he does not seem to subscribe to the philosophical basis from which the professor started. That is his prerogative. However, I would like to read into the record a recommendation which was made by Professor Borts as a possible alternative to the cost formula. He made several recommendations, but one of them was the following. He recommended a cost formula which specified a percentage mark-up over the variable cost of carrying the traffic at its actual weight. He would use the actual weight of the traffic, not the fictional 30,000 pounds shipment. The percentage mark-up over variable cost would then relate the desired revenues of the railways to their actual variable costs. He said that whether the right mark-up is 50 per cent or 150 per cent he does not know; it would depend on the level of earnings the commission specified for the railways. He said:

> As part of this alternative, one might also rewrite into the bill the non-discriminatory rate provisions, and treat these as an additional protection to the captive shipper over and above the protection which he is already receiving from the maximum rate.

• (12:30 p.m.)

> These provisions would assure the captive shipper a percentage mark-up over variable costs which did not place him at a competitive disadvantage with traffic of similar competitive circumstances. It would be a matter for regulatory procedure—

This gets back to the philosophical point mentioned a moment ago.

> —to define in each case, but it would nevertheless provide captive shippers with more protection than they are likely to receive under the present bill.

That is one man's opinion, and I am the first to concede that the minister's opinion may be a more valid one, a more practical one. However, I wanted to put that opinion on the record because it was part of the peripheral argument advanced by the province of Manitoba. It relates to the crux of the amendment moved by the hon. member for Springfield, and the fact that the 150 per cent figure is entirely arbitrary, unsupported by any evidence or any documentation. This is the point at issue in the amendment proposed by the hon. member for Springfield, and I support the proposal he has offered to the committee.

Mr. Olson: During the course of the committee hearings there were many instances in which the hon. member for Springfield and I agreed on the desirability of imposing some form of maximum rate control on a basis that would be reasonable and fair, not only to the shipper but also to the railroads involved. I agree also that there should be a relationship to permissive earnings in so far as these captive shippers are concerned so these earnings will not make a disproportionately high contribution toward capital and profit of the railways.

I am afraid, on reading this amendment and taking the words substituted for the 150 per cent, that I find it very difficult to understand how this provision could be applied. I do not believe it would be a good thing for the house to pass a law that would be difficult if not impossible to apply.

I agree with the member, too, that this arbitrary figure of 150 per cent over variable costs on a 30,000 pound car, for example, is not fair. It is an arbitrary figure and in some cases, by the use of the balance of the formula contained in new section 336, as has been pointed out so well by the hon. member for Springfield, one finds it may reach even 300 per cent or 400 per cent over variable costs. At the moment I do not understand the meaning of the substituted words, "the percentage difference that total permissive earnings are to variable costs".

I do not quite understand how these words could be applied. Perhaps the hon. member can give us some additional explanation. If these words simply mean that the variable costs for this particular movement would be met, that is one thing. If they mean that there will be some permissive earnings over and above variable costs, that is quite another thing. Then, of course, he adds "plus an amount computed as being the cost of capital on the carriage of goods". If this wording means the railways would be able to set a rate or the commission would be authorized to set a rate that would only meet the variable costs plus an amount computed as being the cost of the capital, then in my opinion that is not fair.

I do not hold any brief for the railways or any other company. However, I believe that any company in Canada, whether it is a railroad or any other kind of company, should

have the right to make a profit on its investment for the shareholders. I believe also that it is desirable for the company to earn a profit so it can take care of expansion and keep up with what we hope will be a growing Canadian economy. If there is no accumulation of profit going into the capital fund there will be no incentive to expand or to modernize by purchasing new equipment.

Unless there is some additional explanation that will satisfy me that this clause can in fact be applied fairly and without too much difficulty, I am afraid I cannot support it. I would not like to be a party to including in a bill something that just cannot be applied with fairness to both the shipper and the railway.

Mr. Bell (Saint John-Albert): I want to indicate my support for this amendment. As has been stated, this is the crux of the bill and is the great weakness inherent in this legislation based on the MacPherson commission report. Hon. members will recall that last night many of us put on the record our fears that excessively high rates will probably take effect for these bulk shippers, mainly in the western part of Canada. While there may be some argument about the details, I think this is the best amendment that has been suggested. I know I tried to think of some amendment that would deal with this problem, so I commend the hon. member for Springfield for bringing forward this suggestion. He has my support.

First of all, the main point made by the professors in their brief, before they even began their detailed discussion, was that this was a measure that did away completely with rate control. In doing so, however, no account has been taken in any way in the bill of the level of earnings the railway company should have. The hon. member for Medicine Hat has just mentioned he is not against the railways making a profit, therefore we should not get into any sort of formula that ties them down in this regard. I agree, generally, that the railways should be allowed to make a profit; it is necessary for their shareholders. However, we are referring to a particular part of the operation of these railways. I do not think they should go hog wild and make all their profit on this type of activity alone. This is the reason I support some sort of limit. I believe this formula is the best that has been put forward.

The hon. member for Springfield and others who have spoken have made reference to the figures. The minister cannot get around the figures that were put on the record by the professors. I referred to them last night. There was a 400 per cent mark-up on a 30,000 pound load, which we have admitted certainly is a small load for a bulk shipper today. What the percentage would be when you got around 200,000 pounds, I do not know. This is where the money is going to be made. The province of Manitoba made this as clear as possible. The one big objection to this measure is that there is no limit on these excessive rates. I have asked the minister three times what protection there is for the western economy and misused resources. The only answer he has really given has been that these rates are not even up to the maximum now, as though that were the end of the argument.

We had testimony from the hon. member for Macleod, one of the great economists in this house, who pointed out in very precise language how any economist could juggle these costing figures back and forth between fixed and variable costs. I do not think anybody knowing his experience would challenge what he said in this regard. I support the amendment. Mention has been made of the 150 per cent, which has no substance. There has been no defence of it. It has been pulled out of the air.

• (12:40 p.m.)

Mr. Pickersgill: I am sure the hon. gentleman does not want to refer to the late Mr. MacPherson and the other eminent commissioners as pulling something out of the air. That gentleman was charged by the government which was supported by the hon. member with advising the government to the best of his ability, as were the other commissioners, after getting a lot of expert help; and one of the experts was the same expert who helped our standing committee. Mr. MacPherson was one of the greatest westerners of our time and he certainly was not against the west. He and his fellow commissioners gave as their judgment that this was a reasonable formula, and I do not think that it is unreasonable for me to feel impressed by that argument. I have not seen anybody produce a formula that is better.

I am not an economist or a mathematician but I can do simple arithmetic, and I say that if you vastly reduce the variable costs by having heavy car loadings instead of light car loadings, the contribution to constant costs or fixed costs would have to be a much higher percentage of the variable costs in order to be the same absolute amount. That is why these percentages are very fine as propaganda but

no accountant would accept them as an accurate reflection of the ratio between two things.

The percentages depend on what you start from but I have never pretended, and I do not pretend now, that there is likely to be any very great protection for bulk shippers in the maximum rate formula. That is why we strengthened clause 16 in order to provide what most hon. members thought was a pretty adequate protection.

Mr. Sherman: Would the minister not concede that when the MacPherson commission, arbitrarily or otherwise, accepted this figure of 150 per cent the future of the railroads was clouded in considerable doubt, at least their financial future, and that the situation has sharply changed in the intervening nine years?

Mr. Pickersgill: There is no doubt that what the hon. gentleman has said is quite correct. There is also no doubt that in the intervening nine years the constant costs of the railways have gone up tremendously. That is why we are asking for $100 million subsidy to be paid by the taxpayers of Canada at the present time, something which was not being paid at the time that commission was appointed.

Those constant costs have to be met by somebody, either by the taxpayers or by some shippers, and I suggest that the shippers of bulk commodities, most of whom are large corporations whose own business is not regulated by boards and commissions and who are allowed to make whatever profit they can, should make some contribution to those constant costs and not leave it all to the small shippers or the taxpayers.

In the strengthened clause 16 I think we have given pretty adequate protection to the shippers of bulk commodities but I do say, and Professor Borts agreed with me, that there probably is some protection in this maximum rate formula. I read the testimony previously and I am not going to repeat it. It is that kind of shipper, the shipper who is now paying the maximum rate, who I believe will get some protection from this clause as it stands at present. I have not argued that the bulk shippers will, since they are not paying the maximum rates now.

Mr. Bell (Saint John-Albert): By continuing to speak the minister has answered the argument he made to me. He has admitted that the MacPherson commission report is already nearly ten years old—

Mr. Pickersgill: No, about six.

Mr. Bell (Saint John-Albert): —and parts of it are even much older than that.

Mr. Pickersgill: No, it was only appointed nine years ago and it did not report for about four years.

Mr. Bell (Saint-John-Albert): I have great respect for the ability and experience of Mr. MacPherson, but I also have my suspicions about which member of the commission arbitrarily set these figures of 150 per cent and 30,000 pound load. From our discussions today and last night we know that the increase with respect to a 30,000 pound load is about 700 per cent. We are now talking about 200,000 pound loads. Surely there must be a little bit of error in the 150 per cent.

It is true that some of these figures may have to be set arbitrarily, but since parts of the MacPherson report are nearly ten years old the minister should recognize that in the interim we have perfected computers and there would be no trouble in feeding information into them and finding out more of the truth with respect to these matters. It was computers which enabled the professors to determine this 467 per cent mark-up figure. We discussed this matter with the professors at length during hearings held by the standing committee.

The minister has mentioned the cost of money. This also is a problem. A full limit cannot be placed on that, but I do not see why, with modern methods, some figure cannot be computed that would be reasonable and satisfy the requirements of this amendment. I have asked the minister this question four times already and have not received a direct answer. Again I ask, and this is the crux of the complaint by the province of Manitoba, how are we going to limit these rates that will rise sky high for bulk shippers and drastically affect the economy of western Canada?

Mr. Schreyer: Obviously there will be no meeting of minds with the minister on this matter, but I would like to assure the hon. member for Medicine Hat that the amendment is not designed to deny any reasonable level of profit to the railways. Obviously if a privately owned corporation is to be allowed to continue in operation it must not be deliberately starved by government policy. What would be the point of that? If the government wished to take it into public ownership that would be another thing, but if it is a matter of public policy to allow it to continue in private

operation then it would be sheer madness for any government to starve it to the point where its resources and assets are so dissipated that it cannot operate with efficiency and economy.

What the amendment intends is really along the line of the arguments and recommendations made to the standing committee by counsel for Manitoba and by Mr. Frawley, counsel for the province of Alberta. I would refer the hon. member for Medicine Hat to pages 2770 and 2771 of the minutes of the standing committee, where the meaning of the concept of permissive earnings and reasonable returns was discussed with Mr. Frawley.

• (12:50 p.m.)

The amendment intends to expunge from the legislation the formula which is based on a mythical foundation, and to substitute for this mythical, fictitious, arbitrary formula one that will reflect variable costs plus—and I emphasize this—plus an amount which would show a reasonable level of return. There is a reliance here on the good judgment of the commission, but I would sooner have it this way than be put in the untenable position of agreeing to a clause setting up a formula for the charging of rates, the basis of which it is completely impossible to evaluate.

Judging by the likely effect of the formula, it allows for an unconscionable mark-up. The minister is right in saying that clause 16 is more important than this clause. He says we should not be too concerned with the formula; but it is in the bill, and it will be looked to as offering a measure of protection that is almost completely non-existent.

Mr. Cantelon: Mr. Chairman, while I am not in entire agreement with the suggested amendment, because I think it has faults, I think it is better than section 336 which is based on the arbitrary 150 per cent and the equally arbitrary 30,000 pound limit for cars. Arguments have been repeated. We have tried to show that conditions on which this section are founded are unfair and unsatisfactory, especially in the way they attempt to control the rates the railways can charge. We all feel that a railway, being a public business and in essence a monopoly, requires regulating. We also feel, as this bill tries to show, that railways ought to be allowed a legitimate profit. The problem arises in the use of the word "legitimate".

The minister told us carefully that the 150 per cent will not create hardship because it will not affect the large bulk shipper. I wonder if his interpretation is correct. That figure, it is almost certain, will have an indirect effect on rates charged and on the negotiating of those rates between large bulk shippers and the railways. For that reason I do not believe that 150 per cent is a wise figure to select. But I find it difficult to determine what figure should be selected. Perhaps it would be better to eliminate the percentage and adopt the suggestion of the hon. member for Springfield. This, of course, will entail difficulties, and undoubtedly there will be difficulty in regulating the figures he selects. The real problem is, what shall be the total permissive earnings? This has been considered in the past and a rough percentage has been used. We can use those, I think, when we try to set up total permissive earnings.

I think the last part of the amendment is wise; I do not think there is anything wrong with it at all. The provision—

> —plus an amount computed as being the cost of capital applicable to the carriage of such goods.

—is logical and legitimate.

In the committee we tried to obtain information from the railway. We wanted to know what it considered should be the cost of capital. The railway has been as intractable in that regard as it has been in giving figures about its variable costs. As the railway has refused those figures, the committee found difficulty in arriving at a proper figure. As a committee we had not the power to insist on being given these figures. I doubt if it would have done serious harm to the railway, as the railway suggested, had we been given them.

I think the large shipper, the one who will negotiate with the railway, probably has a fair idea of what the costs of the railways are in moving his goods, and the railway has a fair idea of how much it can charge without eliminating the profit of the shipper completely. The railway knows it cannot charge more than the traffic will bear, but it can charge all that the traffic will bear. Under these circumstances it is better that we have this type of amendment which does not work on that basis. The 150 per cent figure will allow the railways to charge all that the traffic will bear.

As has been stated, there are large bulk shipments of up to 200,000 pounds, such as you have in the product industry, and the percentage figure becomes astronomical. The present section enables the traffic to be charged an exorbitant rate.

Those are my reasons, stated in a general way, for supporting the amendment. I have not quoted the opinions of Professors Borts and Williams, the opinion of Mr. Frawley appearing for Alberta, or the Manitoba submissions. These gentlemen had opinions similar to those I have stated. As specific arguments have been advanced there is no purpose in my repeating them. I would take up time and I do not want the minister to feel I am doing that.

Again I want to say that I do not like the original section 336. I do not like the 150 per cent and I do not like the way it is arrived at; I do not like the 30,000 pounds, and I do not like the way that was arrived at. I like none of these things even though they were derived from the MacPherson commission report.

To say that that commission was appointed by another government is to draw a red herring over the path of its results. Surely, no matter what government appoints a commission, the findings of that commission, which is an impartial body, ought to be accepted by any party. Either we agree with the results or we disagree. I may be in a minority, but I cannot agree with the results of the MacPherson commission. I do not feel that sufficient competition exists on the prairies and in the maritimes to justify section 336. For that reason I continue to express my displeasure with that section, and I am prepared to espouse this amendment. If we cannot completely rid ourselves of new section 336, perhaps we can emasculate it to the point at which something more drastic will be done. On this ground alone I am prepared to support the amendment.

• (1:00 p.m.)

Mr. Dinsdale: I was not a member of the committee which studied this subject so I do not have the broad background of information which many hon. members possess, but the conclusion I have reached from this discussion is that we are all in agreement here that it is difficult even for the experts to determine the cost variables in the transportation industry. The minister has indicated as much in his comments.

Mr. Pickersgill: I do not think I have ever indicated anything of that sort, and I do not share that view.

Mr. Dinsdale: The minister has denied it, but his earlier comments gave me that impression. This impression is confirmed by the fact that even the so-called experts who appeared before the committee had difficulty in assessing the cost factors and the cost variables. The figure of 150 per cent in this section seems to be an arbitrary one which was recommended in the initial MacPherson commission report. It is for this reason that I support the amendment which is before the committee at the present time.

The transportation picture, particularly the railway picture, has changed substantially in recent years and it would seem to me that the statutes governing it should contain more flexible features such as the one recommended in the amendment put forward by the hon. member for Springfield. In the second place, the arbitrary figure flies in the face of government policy as expressed not only by the present government and the previous government but by all the governments of the prairie provinces, which have as one of their objectives the diversification and decentralization of industry in the prairie region. Transportation represents a major cost factor and has been one of the major causes of difficulty in the past, as the minister knows, and if there is so much uncertainty about determining the precise cost pattern of the railways it would be much wiser, I suggest, to err in favour of the developing new industries on the prairies.

The present government has set up a designated area program.

Mr. Pickersgill: Mr. Chairman, I would not normally wish to restrict the hon. gentleman from making a general speech on this bill, but we have been discussing this measure for a long time. There is an amendment before us and it seems to me we might stick to the amendment which involves a choice between two ways of measuring a maximum rate formula and which has really nothing to do with designated areas or anything of that sort.

Mr. Dinsdale: I am surprised at this attempt by the minister to restrict my comments. This is the first time I have taken part in the discussion. I am amazed at the minister's attempt to limit my freedom of speech in this regard, particularly when the subject concerns my own province of Manitoba in a vital way and when the minister himself has indicated that there is uncertainty as to the actual cost picture. I do not intend to make a speech. I merely wish to indicate my support for the amendment which, I believe, deals as effectively as possible with section 336 in an attempt to make it at least reasonable in relation to the objectives of the legislation before the committee.

This section is actually the heart of the bill, and if we fail to do something about it now in terms of the amendment a further opportunity is unlikely to occur for a long time to come. I suggest that the minister should take his stand in terms of the best interests of western Canada which will depend so largely on the effects of this new transportation legislation.

Mr. Olson: I understand that the hon. member for Springfield wishes the commission to have authority to fix a rate equal to the variable cost of the carriage of the goods plus a percentage for permitted earnings plus the capital cost. With this whole concept I agree. But when I look at the words "the percentage difference that total permissive earnings are to freight variable costs" it appears there is a relationship between the percentage difference which permissive earnings bear to freight variable costs, and with all due respect to the hon. member's intentions, which I think are good, I cannot apprehend that this amendment would in fact do what it is intended to do. I would not like to play any part in placing upon the statute books of Canada something which would not be interpreted as intended, notwithstanding my agreement with the intent of the hon. member.

Mr. Bell (Saint John-Albert): This is my final question. What is the minister's answer to the suggested C.P.R. formula with regard to the cost of money? He has drawn attention to the difficulty attaching to his whole formula in connection with the cost of money and the like.

Mr. Pickersgill: I think this is an abstruse question to get into and I hope the hon. member is not trying to lead me down any garden path. I have always understood that in variable cost certain capital is used and in constant costs certain capital is used. That capital costs something. Rail cars are part of variable cost and they cost something, and railway lines, which are an element of constant cost, also cost something. In each case they cost something to put there and they would cost something to replace when depreciated. It is a proper element of variable cost to charge what the capital is worth, not the value of the capital in capital terms but a rent for the capital which is used. Anyone who has bought or sold a motor car knows that part of the cost of operating the car is depreciation. The total costs have to be apportioned between the variable and constant costs. I am sure accountants might argue about this. Here, however, it is a matter for arbitration. But I submit that this is not something which is in issue between the two amendments. The hon. member for Springfield is an intelligent and clear-headed member of the house—

• (1:10 p.m.)

Mr. Woolliams: Do not flatter him like that.

Mr. Pickersgill: He is. I also think he is sometimes wrong-headed, but that is another matter. I am sure the hon. member for Springfield would agree that his amendment depends as much on a determination of the variable cost as does the clause which at present is in the bill. So there is no issue in respect of variable cost as between the amendment and the bill.

Mr. Churchill: The minister is aware that the hon. member's constituency is being eliminated before the next election. Is he now opening the door for him to join the Liberal party and take the first step toward the Senate?

Mr. Pickersgill: Perhaps the hon. member for Winnipeg South Centre could be appointed to the Senate along with me and then the hon. member for Springfield could run in his constituency.

Mr. Bell (Saint John-Albert): Mr. Chairman, there is one point I might make about the minister complimenting certain members. I hope I do not fall in the category of those who receive too many compliments because I know the minister's strategy. He is attempting to drag them in and give them credit for these points in the bill, but when the complaints come in he will say that the hon. member for Springfield and the hon. member for Medicine Hat are the ones who are to blame.

Mr. Pickersgill: Mr. Chairman, if I can only get this bill through the house I will take all the blame for it and will not blame any hon. member.

Mr. Bell (Saint John-Albert): So far as I am concerned we can now have the vote on this subject. I should like, however, to make a point as to the formula for the variable costs with regard to investment. I wish I had the hon. member for Macleod here to help me in respect of the difficulty I have concerning economics.

There are times when we wish to go into the matter of the cost of money and the return on investment and it is impossible to obtain this information. We are told that the figures fluctuate and so on. In this day and age when facts can be thrown into a computer

and an answer obtained I do not see why we cannot obtain answers in respect of costs.

Mr. Pickersgill: The difficulty is that you must know what the question is.

Amendment (Mr. Schreyer) negatived: Yeas 16; nays 46.

The Deputy Chairman: Does this conclude consideration of new section 336?

Mr. Bell (Saint John-Albert): I have the old bill before me and I would refer to section 336(10) concerning the matter of reporting to the governor in council. I think the minister might say something about his hopes and aspirations in respect of this part of the bill.

Mr. Pickersgill: If it is understood that we are not reopening the matter, I might say I agree to a certain extent with hon. gentlemen who have criticized the formula. I should like to see how it works and see what the experience will be. In such a review I would hope that the commission would also review the experience under clause 16 of the bill to make sure that there is adequate protection for shippers who do not have the competition of the market place or the competition of another carrier. I am sure that is the intent in this new section.

Mr. Bell (Saint John-Albert): During the committee sessions the minister made quite a case in respect of the matter of costing techniques.

Mr. Pickersgill: There is a later clause on that.

The Deputy Chairman: The committee will now proceed to the consideration of new section 337.

Mr. Olson: Mr. Chairman, I do not wish to move an amendment to new section 337, but I should like the minister to take into consideration that all through the hearings of the committee we were denied costing data and information in respect of the variable costs with regard to the movement of commodities on the railways. This is the section which deals with exchange of information between carriers. I make a plea to the minister that he take another good hard look at the reasons that were advanced for the withholding of this costing data. I do not think the committee performed its function well because members did not have available to them all the factors in the formula. The most important of these is the variable cost data. I would hope that the minister would take a further look at this matter to determine whether there is any valid claim that the variable cost data in some way are the property of the railways and that it would be wrong for this information to be produced.

We know, for example, that the variable costs concerning a passenger train, the Dominion, were in fact made public; there was no problem about that. I do not think this harmed the railway. A certain amount of this data was made public during the hearings before the MacPherson commission, particularly with reference to the movement of grain. I still cannot understand the reason there is objection to this information being made available. After all, if there are to be committee hearings in respect of this matter, then under our system someone must appear and argue the other side of the case. Surely this person should have this information. Usually it is the provinces who appear on the other side. If they are not supplied in advance with this information from the railways, then surely they will be at a severe disadvantage when really what they are attempting to do is stand up for the public interest as they see it. I am making the plea that the minister take a close look at this situation to see whether there is any valid reason for the withholding of this costing data.

• (1:20 p.m.)

Mr. Pickersgill: This matter can be discussed when we are on another clause. I have made a very careful examination of the whole bill to see whether there is any case in which a railway company might be seeking financial assistance or support or might be seeking to have a rate established publicly where these costs would not be made public, and there is none. The bill provides that the only kind of information that should be kept confidential is that information in respect of matters about which a railway company or anybody else was not seeking to have action taken. If there was a prima facie case made under clause 16, for example, and the commission decided that was so, all the relevant information would have to be made public at the hearing.

The only defence I know of for keeping cost data confidential would be the situation where there is what I in my simple-minded way prefer to call a bargaining factor, but which is called competition in the market. I do not see why the Aluminum company would be entitled to know what the railway companies costs are, and the railway companies would not be entitled to know the financial circumstances of the Aluminum company. I do not

think that would be a fair burden to place on the railway company. If the Aluminum company was a captive shipper and was seeking protection under this law then no information the commission obtained relevant to its determination of that question should be kept confidential.

Mr. Olson: I should like to discuss one point which possibly should be discussed during our consideration of another clause but perhaps I can discuss it now and avoid the necessity of referring to it again. I hope there will be a much expanded cost accounting division under the transport commission than exists under the Board of Transport Commissioners. When I say "expanded" I mean a far greater and larger division. If the new branch obtains figures regarding what it considers variable costs, will that information be proprietary to the railway company or will that be regarded as public information?

Mr. Pickersgill: Any information obtained by the commission would be the property of the commission. I think it would be better to discuss this situation when we are considering another clause which contains an express provision dealing with this matter. Perhaps instead of attempting to answer the question now I should deal with it during our consideration of that clause.

The commission might have information it was not willing to disclose to the railway company, and I can conceive of circumstances under which the companies would not be entitled to that information. For example, the commission might want information from shippers and those shippers might have a perfect right to have that information kept confidential so far as the railway companies are concerned. That kind of situation could arise. However, I think the point should be dealt with when we are considering the appropriate clause.

Mr. Bell (Saint John-Albert): I should like to ask the minister one question now that he has referred to this subject. While we have not been assessing our position in the last two days as we did originally, in looking ahead I can see that our main discussion will be relevant to costing. That is the main item to be considered before we reach the important part of this bill which deals with port parity.

Mr. Pickersgill: Costing will be considered under clause 70.

Mr. Bell (Saint John-Albert): In view of the fact this subject has been mentioned I thought perhaps we could deal with it before taking a break. The minister does look as though he needs a sandwich. Perhaps we could finish this part and discuss port parity this afternoon.

Mr. Pickersgill: I certainly would like to have clause 53 completed before we talk about sandwiches or anything else.

Mr. Southam: The hon. member for Medicine Hat has referred to one of the most sensitive areas so far as this new transport bill is concerned, that of variable cost information. Before this clause passes there should be general agreement in the house that an amendment or a recommendation by the minister should be made to satisfy people in general that when we set up this legislation which is perhaps 30 years overdue certain problems will be solved.

The Interstate Commerce Commission has managed to solve certain problems and I think we should take more leaves out of their book. We are not the only country in the world with transportation problems. Professor Borts and Professor Williams, two of the most competent experts in this field on the North American continent, have spent half their lives studying these problems. I asked them a question as a member of the committee and in their answers they said the United States commission does have access to costing data which is kept confidential in the interests of private enterprise. If that commission finds this type of formula workable we should think seriously of applying the same principle here.

Mr. Pickersgill: Perhaps I could interrupt the hon. gentleman and suggest that we discuss this during our consideration of clause 70 which relates directly to this subject of costing. New section 377 is really not related to costs except in the sense that it empowers the two railway companies to meet the provisions of this act to exchange cost data. It has nothing to do fundamentally with costs.

Mr. Sherman: I should like to ask the minister whether or not this subject should be dealt with under new section 387C which comes within clause 70. It seems to me the whole subject of cost data is dealt with there in detail.

Mr. Pickersgill: That is exactly what I was referring to in my suggestion which I hope is agreeable to the committee.

Mr. Southam: I am agreeable to that suggestion, but I felt that while I was in the chamber I should not like the opportunity to pass of expressing my opinion on this very important and sensitive part of the legislation.

Clause as amended agreed to.

Clauses 54 to 58 inclusive agreed to.

On clause 59—

Mr. Forrestall: Mr. Chairman, I should just like to say—

Mr. Pickersgill: If the hon. member does not mind, perhaps before he speaks I should offer an amendment to clause 59, the nature of which I indicated the other day.

• (1:30 p.m.)

My faithful colleague the Postmaster General is here to move this amendment. I must say I am becoming increasingly grateful to the Postmaster General. The purpose of this amendment is to make obsolutely sure that everything now in the law of Canada in any act of parliament with respect to the rates and the traffic through the Atlantic ports, the ports of Halifax and Saint John, continues to be part of the law. Therefore there will be no question that by any kind of inadvertence any act of parliament will have been repealed by some provision of this law. I think I should read the amendment:

That Bill C-231, an act to define and implement a national transportation policy for Canada, to amend the railway act and other acts in consequence thereof and to enact other consequential provisions, be amended

(a) by renumbering clauses 58 and 59 on page 54 thereof, as subclauses (1) and (2), respectively, of clause 58; and

(b) by inserting immediately after clause 58, as renumbered, the following new clause 59;—

It is done in this way to avoid renumbering all the clauses in the bill. The present clauses 58 and 59 repeal something and they are just being combined into one clause. This is the substantive part of the amendment:

"59. Section 343 of the said act is amended by adding thereto the following subsection:
Preference on export rates.

"(2) Nothing in this act except section 334 shall be construed to affect any obligation imposed upon any railway company subject to the jurisdiction of parliament by any other act or any agreement made pursuant thereto requiring the company

(a) to maintain rates on export traffic moving through any Canadian seaport located in the 'select territory' as defined by sections 2, 7 and 12 of the Maritime Freight Rates Act at a specified level, or at a level specified in relation to other rates; or

(b) to route export traffic through Canadian seaports."

I think that does the two things that I suggested it was the desire of the government to make sure were done, that is, to safeguard any rates that exist by statute or exist pursuant to any statute, and to safeguard any routing that is required by the law at the present time. In other words, it is to make amply sure that no rights that now exist are taken away from any of the ports in the select territory. Of course, the ports principally affected and principally concerned are those of Halifax and Saint John.

Mr. Côté (Longueuil): I so move, Mr. Chairman.

The Chairman: Order. A few moments ago the committee passed clause 58. The amendment now before us deals with clauses 58 and 59. Perhaps the committee would agree to reconsidering clauses 58 and 59 for the purposes of the amendment now proposed. Is that agreed?

Some hon. Members: Agreed.

The Chairman: Therefore I shall read the amendment proposed by the Postmaster General.

Mr. Pickersgill: Mr. Chairman, I wonder whether you could dispense with reading the amendment.

Mr. Bell (Saint John-Albert): Mr. Chairman, I wish to raise a point in connection with the amendment. I wonder whether the minister has any flexibility left in him. I know this has been a tough bill. However, we have just seen this amendment for the first time and it is impossible to comment on it now in the way we would like. Could we not have a half hour, or even 22½ minutes until two o'clock, in order that we may have a chance to assess the amendment? It is quite complicated, this is the first time we have seen it, and it is important to Halifax and Saint John. I do not know how we can deal with it intelligently on such short notice.

Mr. Pickersgill: I had hoped, of course, that the proposition I understood was agreed to, and that I was rather disconcerted to find was not, which was made originally would have ensured this. We really have spent a long, long time on this bill and I am very anxious to make progress on it. If I could have got the hour between five o'clock and six o'clock, to which I thought everyone was at one stage agreeable. I would have been very happy to have an adjournment. But I just hate to lose all that time.

Mr. Knowles: Twenty minutes?

Mr. Pickersgill: A great deal has happened in this house in 20 minutes, and not very long ago.

Mr. Churchill: That was good for the Liberal party.

Mr. Pickersgill: We will have to go through a great deal of paraphernalia to do it, but if hon. members would be agreeable to coming back at two o'clock I would not wish to appear to be stubborn and unreasonable.

Mr. Churchill: Mr. Chairman, the minister is now getting into a better frame of mind. He is worried about the passage of this bill but over 70 per cent of the bill has now gone through.

Mr. Pickersgill: No.

An hon. Member: Three weeks.

Mr. Churchill: No, it is two weeks, and we have passed over 70 per cent of the pages of the bill. What more can the minister expect with respect to a bill of this importance that is transforming the transportation policy of this country?

Mr. Pickersgill: Well, Mr. Chairman—

Mr. Churchill: Let the minister stop talking and listen for a little while. He talks too much. He is always talking and will not listen to others, and if we want to say something he complains. I support the hon. member for Saint John-Albert in suggesting that we should have an opportunity to examine this amendment and the clauses should stand. It is fantastic for a minister to rise and read a complete change in the bill and then want us to pass it without any debate or examination. We have responsibilities here just as he has. I do not think we should be asked to pass this amendment after the expiration of only 20 minutes. I believe the clauses should stand until much later when we have had an opportunity to consider this matter and what the effect of the amendment will be.

We have to look at the bill as it is now written, see the changes that this amendment implies, and discuss with our colleagues what should be done. The minister is going too far in asking us to give way and pass something now because we have spent so many days on this bill. Suppose we spend four weeks on the bill? We would be justified in so doing because of its effect on the transportation policy of Canada. The idea that everything must be done instantly is just nonsense. Therefore I suggest to the minister that he use a little common sense.

Mr. Côté (Longueuil): Oh, oh.

Mr. Churchill: Groan if you like, Postmaster General. I say, use a little common sense and take some time off for a luncheon adjournment. It puts people in better humour. Then let us get on with the bill. If we complete this bill early next week the minister and the government should be thoroughly satisfied. We have our responsibility to the people of this country and we are going to assert that responsibility. I for one will not consent to passing this amendment after the short space of 20 minutes.

Mr. Pickersgill: I made no such suggestion, Mr. Chairman. I suggested that we agree to rise for 20 minutes.

Mr. Churchill: Why just 20 minutes? Why don't we take 30 minutes?

Mr. Pickersgill: I thought I was being agreeable; I was accepting the suggestion made by the hon. member for Saint John-Albert.

Some hon. Members: Hear, hear.

• (1:40 p.m.)

Mr. Pickersgill: After all, I understood that in so far as this particular part of the bill was concerned the hon. member was leading the house for his party, which seemed to be quite agreeable to the suggestion I made until the intervention of the hon. gentleman. I really think that in this particular context it was a little gratuitous of him to do so because I had agreed precisely to what the hon. gentleman had asked for. I am not suggesting that one minute after we come back we can expect to have this clause passed, and indeed if the hon. member for Saint John-Albert and his colleagues who are particularly interested in this matter, because of the interests of their constituencies, would prefer to stand this clause and go on to consideration of some other clauses, that would also be quite agreeable to me. However, what I was doing was to concede that I would not rely on the rules of the house and that we would take a little time off if that was generally agreeable. I still hope we can do that.

Mr. Churchill: I just want to say, in view of the minister's reference to it, that there was a misunderstanding this morning and I offer my

apology to the hon. member for Saint John-Albert, to the whip of our party and to the minister if he wants it, since I was not aware of the arrangement that had been made. I do not think it was a very good arrangement and I thought it had been made some other way. I think the house should not be pressed too hard, particularly on a Friday, just because the Liberal party slipped up the other day. I will resist such pressure.

Mr. Bell (Saint John-Albert): I offer the suggestion that after we recess, and the time of that recess is fast dwindling away, we stand this clause and proceed to the consideration of other clauses such as the one on tolls for example. The minister is so eager that he did not understand the implication of my suggestion to him that we could deal with the matter of tolls and costing techniques.

Mr. Pickersgill: I am quite willing to let the clause stand and to come back to it at such time as the gentlemen opposite would like after some other clause is passed.

Mr. Bell (Saint John-Albert): I have checked with the hon. members for Halifax and we are agreed on our dissatisfaction with this section. The result will be an all-afternoon filibuster. If there is any threat in what I said, the minister can take it as he likes.

Mr. Pickersgill: I do not know what more I can do. I have accepted every suggestion that hon. gentlemen have made but they insist on being rude to me. I have said that I would let this clause stand and go on to other clauses. When the hon. gentlemen are ready to come back to it, I will be quite agreeable to doing so. I do not know what more I can do. If there is any way in which I can humble myself further I would be very glad to try.

Mr. Patterson: Would it not be wise to follow the suggestion that has been made, namely, to stand this particular clause, proceed to others and at a later hour come back to it.

The Chairman: May I suggest to the committee that pursuant to the agreement made a few moments ago we stand clauses 58 and 59 since the amendment deals with both? Is there agreement to that?

Some hon. Members: Agreed.

Progress reported.

Mr. Pickersgill: Mr. Speaker, I think it is the wish of the house to recess for refreshments and for an improvement of our general dispositions. If it would be generally agreeable I think we could come back at 2.15.

Mr. Speaker: Is there agreement with that suggestion?

Some hon. Members: Agreed.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: Pursuant to the order just passed, I do now leave the chair.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 2.15 p.m.

The Chairman: Before the committee rose at 1.45 an amendment had been moved by the Postmaster General dealing with clauses 58 and 59. It was agreed at that time to stand those two clauses. Is it the wish of the committee to proceed with the amendment or to proceed to clause 60?

Mr. Pickersgill: I think it was understood that the proposed amendment would stand until such time as hon. gentlemen opposite were willing to come back to it at the conclusion of some other clause. I suggest, therefore, we should go ahead with clause 60.

• (2:20 p.m.)

Clauses 60 to 69 inclusive agreed to.

On clause 70—

Mr. Pickersgill: Mr. Chairman, I should draw attention to the fact that clause 70 deals with costing and I understand there are a number of hon. members who wish to make some observations about it.

Mr. Olson: Mr. Chairman, the new cost accounting department or branch that will be set up by the transportation commission will be very desirable. The minister answered some questions about this when we were dealing with new section 337, and I think he said that any data gathered by the new costing

division would not necessarily be made public if it were only for the use of the commission. Can we be assured that in any case where provinces or other public authorities have an argument to advance on costs, the cost data gathered by the new cost accounting branch will be made available to them so that they may have an opportunity of examining it prior to the hearing before the commission?

Mr. Pickersgill: That actually is not covered by this clause but in one of the clauses dealing with the commission. There is a provision, notwithstanding the fact that normally certain information would be kept confidential, information that the commission required for its own purposes, that it may nevertheless make that information public. I can assure the hon. gentleman that the commission has the power to make public any information that is given to it if it considers that it is in the public interest to do so. However, there might be occasions where the commission, in order to reach its own conclusions, wished to get some information and it would not feel it was necessary to make it public. But where there is anything in contention obviously no decision could be reached on the basis of information that was not available to both parties involved in the dispute.

Mr. Olson: In the past the provinces have had to go to great expense to arrive at variable costs. The minister knows the story well of how the railways appeared before the MacPherson royal commission and claimed a short-fall or deficit of $17 million with respect to the movement of grain from the prairies under the Crowsnest rates. In order to challenge those costs the provinces of Manitoba and Alberta hired experts to examine the figures, and those experts claimed that instead of a $17 million short-fall there was in fact a $500,000 net profit. I am not saying that the MacPherson commission accepted the experts' figures, but I think it decided on a short-fall of about $2 million instead of the railway's claim of $17 million. If the provinces have to establish cost figures will they have to go through that kind of performance again?

The minister has said that if the figures were given in evidence then obviously the information would be made public, but I think the commission should make the figures available to provinces, municipalities or any other organizations vitally interested before the hearing is held. It should not be left to the discretion of the commission to decide whether this information should be released to such parties. I believe there should be a provision in the bill stating that the results of this cost accounting shall be made available to parties seriously concerned if they wish to challenge costs advanced by the railways.

Mr. Pickersgill: Without knowing the actual circumstances it would be very hard to make a specific statement, but I do assert that where any information which the railways submitted to the commission was in any way in contention, or directly relevant to any contention properly before the commission, then that information would have to be available to any interested party. But it is conceivable that, for example, the commission itself may try to establish some point in relation to the railways in which no other party is interested. The commission could insist that the railways provide it with information in order to reach its own conclusions of its own motion in such a case, and in those circumstances if the railways wanted the information kept confidential, and there was good reason for that, the commission would not release it. There is no question about a matter which would be essential evidence coming before the commission. I am told that section 387C allows the commission to use cost information and to reveal it if it is kept in a form which could not be used to the disadvantage of the railway.

• (2:30 p.m.)

The hon. gentleman may recall that at the time of the MacPherson commission, and perhaps he followed these things more closely than I did, a good deal of information was made available to the provincial governments that was not made public. I had a fairly recent experience myself with a commission that I had caused to be appointed in Winnipeg with respect to the air maintenance base. We had an understanding that certain information would be made available to the government of Manitoba, information of a proprietary character which the government, by agreement with us, was not to make public. They could use that information for the preparation of their case. It is quite conceivable that some situation like that might arise where a matter was not directly in contention, where the information was not directly required but where it was required by way of an analogy, comparison or something like that. The information might be made available to a party on the understanding that it would not be published to the advantage of third persons not interested in the case. I do not even envisage that as being likely to happen.

Mr. Olson: My question may be hypothetical but I can think of cases where the arithmetic is very real. Let us take the case of the potash producers in Saskatchewan or the people who ship sulphur to the west coast from Alberta. If they appeared before the commission and claimed that they were paying a disproportionately high contribution under their toll to capital and profit, because of the provision in the bill affecting this matter the transportation commission has the power to deal with it. They have the power to remedy it.

I am told that potash shippers at Esterhazy, Saskatchewan, are paying approximately $9 a ton from their shipping point to the seaport at Vancouver or wherever the product is loaded. The variable cost for the movement of grain from points in this area to Vancouver is around $3 or slightly less than $3 a ton for the same movement. Let us assume that the variable costs for moving potash and grain are approximately the same, because there is about the same weight per carload. It might be argued that the variable costs for moving grain are slightly higher than the costs for moving potash because of the differences in cars, and so on. Following up my assumption it appears that potash shippers are paying for variable costs plus 200 per cent.

I think it can be argued by the province of Saskatchewan that such a charge is prejudicial to the economy of that province and that the contribution above variable costs is unreasonable. If the figures will not be made available how is the province to make a case in defending its economy? Will it do what Manitoba did, hire cost analysts to do the job that the transportation commission has already done? This thinking holds true for shippers of sulphur in Alberta. Sulphur may be shipped by pipe line but it is not being so shipped now. If the province of Alberta is of the opinion that on this commodity too high a contribution is being paid to the railway, that too much is being paid toward capital and profits above variable costs, then I think it has a justifiable case because the province wants to see its sulphur industry expanding.

The minister will agree with me that any commodity, potash, sulphur or lumber, must get to market at competitive prices. That is vital to the economy of the area in which the industry is. The provinces, therefore, have a justifiable right to get the most favourable rate for shipping that is available.

I come back to section 387C which reads in part:

> Where information concerning the costs of a railway company or other information that is by its nature confidential—

The point is that the Aluminum Company of Canada, to use the minister's example, may be in a better negotiating position if it knows the costs of the railway and the railway does not know its costs. What I am trying to say is that we do not know what is meant by the words "by its nature confidential". I am concerned that some cost data to be gathered on a continuing basis, I presume, by the costing department of the transportation commission may not be made available to interested parties because the railway may say that such information by its nature is confidential.

I have no amendment ready to move but I hope the minister will say to the transportation commission that the government feels that costs of this nature should be made available to interested parties who act in the public interest of a community, a province or a region.

Mr. Pickersgill: I can conceive of several kinds of situations arising under the legislation—and I know the hon. gentleman will say that this is a totally unrealistic case—where a shipper with no way of shipping goods except rail would get a rate from the railway he was dissatisfied with and apply to the commission to have a rate set. The commission, if it were satisfied that he had no alternative economical way of shipping goods except by rail—this would not be hard to determine—would have the duty of determining what the maximum rate should be, and it would be a matter of simple arithmetic for the shipper who would have the right, even though he did not exercise it, to have the rate determined, to ascertain certain figures. All he would need to take is two-fifths, if my arithmetic is correct, of the rate that was set and that would determine the basis of the variable costs. It would not be a big problem. Even if the board did not give him the variable costs the 150 per cent would be put on. Even if the resulting rate is astronomically high, as some hon. members have suggested it would be, the shipper would still know what the variable costs were as established by the commission. In a case like that there would not be a complicated way of finding out costs.

• (2:40 p.m.)

The other case, the only specifically defined aspect of the public interest, is where someone

alleges that the rate he is given places him at an undue disadvantage having regard to geography and things of that sort. Here all the rates are public anyway. The shipper takes one rate and compares it with another, then goes to the commission and says he is at an undue disadvantage. The question of costs does not really enter into this at all; it is a question of whether the rate in one case, having regard to the conditions, is lower than in another case. I cannot easily envisage a situation where there would be costs relevant to a contentious issue in which it was sought to establish a rate and where the information could be kept confidential. Such information, it seems to me, would be essential to the determination of the issue. However, it is never possible, especially for someone who has never presided over a tribunal in his life, to envisage all the contingencies which might arise.

Mr. Olson: The minister has given us the best possible argument in favour of the point I am trying to make. He is saying that if someone wishes to find out the variable cost of moving his goods he can do so by applying for a maximum rate under section 336. In my opinion a person would be stupid to try to have such a rate applied to bulk shipments because he would be both—

Mr. Pickersgill: The hon. gentleman did not understand me. The shipper could apply for a rate but he would not have to accept a rate. It would be a very easy way of finding out what he wished to know, if there were no other way.

Mr. Olson: But this is not the kind of legislation we should have on the books. The only way in which a shipper or a municipality or a province can find out what these variable costs are, so that they can make a case under clause 16, is to apply for a rate to be set under section 336. Why should it be necessary for these people to go through various motions which take a great deal of time and cause a great deal of involvement, when they do not want the rate anyway. I suggest that the wording of clause 16 is such that if any shipper is paying a rate which returns to the railway the variable cost plus 2 or 3 hundred per cent, he has a valid case for arguing that the public interest in his region or area is prejudiced, not in relation to some other rate but simply because the rate in excess of the variable cost is too high.

[Mr. Pickersgill.]

Consider the effect in the world market—I am thinking particularly of potash and sulphur—when the freight rate from the point of origin to the shipping point amounts in many cases to 50 per cent of the sale price of the commodity at seaboard. Any unreasonable charge above the variable cost is in fact prejudicial to the industry concerned and to the area in which the industry is located.

The minister has told us that one way in which a shipper can find out facts which concern him would be to ask for a maximum rate to be set under section 336. We have to take account of the experience in the United States where the basis of these rates, whether for the movement of grain or passengers, is not treated as secret information.

Mr. Pickersgill: The hon. gentleman is quite wrong. In the United States, if I recollect correctly, the figure given is a composite one based on a whole lot of rates. In normal circumstances the variable costs of a particular railway in relation to a particular shipment are never given unless required by law for some specific purpose.

Mr. Olson: I do not disagree with that. But the minister knows well that these composite averages do not vary very much and can be relied on to a great extent even though they do not spell out the actual movement in which a particular shipment may be involved. The fact is that the information is made available. And, of course, the Interstate Commerce Commission which looks after these matters has its own accounting staff and the commission itself challenges the data as well as the arguments which are advanced by the railways. This is not the case in Canada, or at least it has not been the case in the past in hearings before the Board of Transport Commissioners and I have to presume that similar practices will be followed in the future. I can see no provision in this bill for the appointment of a "devil's advocate" to challenge these assertions.

In the past it has been the responsibility of the provinces in particular, as well as of other interested parties, to act as adversaries in these hearings. I do not have an amendment to offer but I ask the minister once again to make sure that responsible people such as the representatives of regions, provinces and municipalities, as well as other organizations which represent a large section of the public interest, will not be faced with the necessity of gathering information as to cost entirely on their own. The information which the railway has, as well as the information available to

the costing department of the new commission, should be made available to them. We are talking about section 387C. I trust the minister will appreciate the justice of getting the commission to co-operate with such bodies as I have mentioned. After all there is no point in duplicating the effort and expense which will be necessary in order to obtain this information. When a rate is being challenged and a hearing is to be held, surely all this information should be made available to the parties concerned.

I suggest also that the railways be given the benefit of any figures which might be in the possession of the commission's costing department in advance of the hearing so that they can study them and state their case if they do not agree with them. I hope the minister can assure us that there will be no duplication in the work of gathering this information.

• (2:50 p.m.)

Mr. Bell (Saint John-Albert): Mr. Chairman, may I break up this tête-à-tête. If the hon. member for Winnipeg South could be heard, we might supply an amendment.

Mr. Pickersgill: I am sorry, Mr. Chairman; I did not hear the hon. member.

Mr. Bell (Saint John-Albert): The hon. member for Medicine Hat has been complaining that he does not have an amendent to bring forward regarding the matter. If the hon. member for Winnipeg South might be heard, we would supply an amendment.

Mr. Pickersgill: Before he is heard, perhaps I might make any amendment unnecessary by the sufficiency of my explanation. I would doubt this, but I might attempt it. Because of the change which is envisaged in the bill we find it hard to accept emotionally the fact that the minister of finance, whoever he may be, under the terms of this legislation will have the most profound interest in seeing that these figures are accurate. Throughout the whole of this bill we have the principle recommended by the MacPherson commission that what is to be provided in the national interest should be paid for out of the national treasury.

Therefore the Minister of Finance, if he is to be a responsible minister, will have quite an incentive to do this because he would not wish to collect and pay out tens and hundreds of millions of dollars unless there is thorough justification for it. One element of railway costing will not be sufficient. There must be knowledge in respect of every aspect of the cost. Therefore I doubt that any situation would arise in which the commission would not feel it had a duty in this regard or would not be prodded by the representatives of the executive into discharging that duty in the interest of protecting the federal treasury. This will create a situation different from the situation which has prevailed up to now. Mind you, that does not mean that a shipper or a provincial government may not challenge the commission's figures or the railway's figures. Should they do so, I do not think in those circumstances anyone would suggest that the federal treasury should subsidize them to be devil's advocates. At least I am not prepared to introduce legislation to that effect.

The second point is that we are charging the commission with the responsibility of seeing that the information given to it by the railways is audited and checked. The commission can require from the railways any information it wishes. There is one other thing which the hon. gentleman mentioned that we should think about. We do not say to a wheat farmer that he should be allowed to make only a reasonable profit. He can make just as much profit as is possible in all the circumstances. I admit that most of the time it is not adequate. Still there is no law which limits it. Also, there is no law limiting what profit the International Nickel Company can make, what profit the sulphur producers can make or what profit the potash companies can make. In the case of these exporters we say they should sell their product for all that the traffic will bear, because this helps our balance of payments. We want them to do this.

In the competitive sector it seems we are telling the railways that we do not want to be handing out millions of dollars to them in the form of subsidies. We are telling them we want them to go out and make their own living. We cannot at the same time say that if they earn more than a certain amount in these competitive activities, it is unreasonable. In the situation where the shipper has no choice but to use the railway, then that is another matter and in this case the railways are treated as a public utility. We know the difficulty; all of us have been troubled by it. The hon. member for Winnipeg South, the hon. member for Medicine Hat and the hon. member for Springfield took up a good deal of time this morning on this matter. I am not criticizing them because this is the very essence of the whole thing, that is, where the line should be drawn between those shippers who have no bargaining power vis-à-vis the railways and those who have.

I think many of us, because we are adults or old men like I am, have formed our habits when we were young and therefore do not realize that today the Canadian railways do not have anything like the bargaining power they had in the period between the first and second world wars and in the period before the first world war. Had the situation not changed, there would have been no justification for the whole MacPherson approach to this matter. Most of the shippers in the country today can drive a harder bargain with the railways than the railways can with them. That is a fact in our economic life with which most of us have not caught up because we were brought up in an environment when this was not true. Therefore, in our desire to protect those who need protection we must not prevent the railways earning what they can when they are providing a service to those who do not need to be protected, because if we are to be able to provide reasonable freight rates for those people who are at the mercy of the railways, and if we are to be able to insist on reasonable freight rates without placing an undue cost on the treasury, we must let the railways earn their living in the other area where the protection is not needed.

That seems to be the whole basis of this very complicated double concept. We could do what the United States authorities are still doing. They profess to be the greatest exponents of private enterprise in the world but they still treat their railways as though they had to be regulated. The hon. member for Medicine Hat thought that I was a little unfair yesterday. Perhaps I was a little extreme, but one of the difficulties in respect of bringing in American experts to talk about the Canadian approach to this matter is that they speak in terms of the context of an entirely regulated railway system.

Mr. Sherman: Would the minister permit a question?

Mr. Pickersgill: Certainly.

Mr. Sherman: On the point concerning regulations, does the minister not agree that new section 387C is unnecessarily regulatory and paternalistic because it says that the commission, when it obtains cost information from any railway company in the course of any investigation under the act, shall ensure that such information shall not be published or revealed in such a manner as to be avaiable for the use of any other person? It is my understanding that under the Railway Act as presently written—and I think the Manitoba government made this point in its submission to the standing committee—there are no prohibitions placed on the discretion of the commission or any regulatory authority where this type of information is concerned.

• (3:00 p.m.)

No one is recommending or insisting that this cost data must be published, and certainly I am not demanding that it necessarily be made available to shippers. In order for a shipper to understand adequately and intelligently commercial problems with which he is confronted, I think that this cost data in many instances should be made available to him. I do object, however, to the fact that this particular part of the bill regulates the commission in respect of the discretion it must employ so far as cost information is concerned.

I suggest to the minister that new section 387C be eliminated and that the discretionary powers of the commission in respect of this kind of data or information be preserved as they are now preserved under the Railway Act. That act does not prohibit the commission from using its discretion so far as cost information is concerned. Obviously the legislators of the Railway Act anticipated that the commission or regulatory authority would exercise discretion and responsibility where cost data which might be inequitable in a competitive situation was concerned. The Railway Act leaves this whole matter up to the discretion of the regulatory authority or the commission, if you like. This proposed legislation says that the commission must do such and such with this information and make sure that such and such else is not done. In other words, it prohibits the commission from doing certain things and actually regulates the exercise of the commission's discretion.

The minister has placed a great deal of emphasis on regulation and the difference between the United States system and ours. I respect those differences and say, Vive la difference so far as Canada is concerned, because there is a great deal about those differences which I would like to see preserved. There are benefits which accrue to our society because of those differences. In this case there seems to be a clear case of paternalism of requirement. The commission is being inhibited and prohibited from exercising its own discretion where cost information is concerned.

I do not know whether I am in order but if I am I will again refer to the question I

originally posed. If I am out of order I will yield the floor to the minister.

Mr. Pickersgill: I think the hon. member rose to ask a question when I had the floor. I suggest it was a rhetorical question, but I should like to point out that new section 387C relates only to information which by its nature is confidential. Any information which the law requires the railway companies to furnish, or the commission to obtain, is not by its nature confidential and therefore this provision does not apply. It would only apply to information which was of a confidential nature.

I am sure the hon. gentleman is aware of the arrangement which was made in respect of the royal commission which studied the situation regarding the overhaul base at Winnipeg. Under an agreement proprietary information which belonged to Air Canada was made available to the government of Manitoba on the understanding that it would read it in order to prepare its case but would not use it or reveal it.

This commission may need certain information about the competitive activities of a railway company in order to compare that information with information relating to captive shippers. For example, the commission might want to know the cost of some competitive operations in order to make a comparison with the cost of a non-competitive operation. Information in respect of the cost of a non-competitive operation would be information which ought to be made available to a shipper or other interested party in order that they could see whether they were being fairly treated.

It would not be fair to the railway companies in their relations with their customers to make public information about some other situation which the commission may need in order to form a reasonable judgment. That is not the kind of situation we envisaged in respect of this provision. It does not in the least inhibit the commission from making any information public that the railway companies are required to make public under the law.

Mr. Sherman: I have virtually outlined my reasons for moving the amendment I now intend to move in the rhetorical question I asked the minister. I accept at face value and in good faith everything the minister has said about cost information so far as the commission is concerned, but it seems to me, and probably I am again acting as a sort of advocate for the position the Manitoba government took on this issue, that new section 387C reflects the attitude toward making cost data available for public information that the railways have taken since their beginning and since confederation.

At every turn the railway companies have resisted legitimate requests for certain cost data. I need not remind anyone in this house of that fact, but for the sake of getting things straight I should like to refer directly to the Manitoba brief. I want to emphasize this point and place it on the record, and I do so by referring to the dispute over cost data which took place a few years ago.

During the sittings of the royal commission the railway companies resisted all attempts by the provinces of Manitoba and Alberta to obtain the cost data which would have permitted a critical analysis of a grain cost study submitted by the railway company. In its submission to the standing committee the province of Manitoba had this to say:

> The commission ordered the railways to make full disclosure of costs relative to the export grain study and required that data be submitted regarding passenger service losses. The committee will recall—

That was the standing committee, but the same could apply here. Let me continue:

> —that because rail cost data was made available the alleged variable cost was reduced from $98.1 million to $70 million. Since any losses were to be met by the federal government the availability of data resulted in direct savings to the federal treasury of many millions of dollars.

I do not think I need labour the point as it has been well made and I am sure is appreciated and understood by everyone on both sides of this house. The whole question of the availability of cost data from railway companies has stuck in the craws of members of this committee for a considerable number of years, particularly when studies, investigations and legislation of this kind have been concerned. Let me reiterate my opinion that new section 387C reflects the attitude that the railway companies have adopted all along to requests to furnish and publish cost data. Frankly I cannot see how any harm would be done by making this cost data available to shippers who depend so critically on the railways for the conduct of their commercial enterprises.

With that in view and in support of the argument I put forward in my rhetorical question to the minister I move:

> That Bill C-231 be amended by the elimination from clause 70 of section 387C.

I have already spoken about this amendment but I should like once again to voice my contention that there is an unnecessarily paternalistic quality regarding the regulatory measures contained in this particular section so far as such information is concerned. It is my opinion that the legislation would be strengthened, the position of shippers in this country would be strengthened, and in general the economy of the west would be better served if this section were eliminated from the bill.

• (3:10 p.m.)

I was interested in the attitude of the hon. member for Medicine Hat toward this particular section and subject. When we were discussing section 336 yesterday I noticed that after listening to my remarks he wondered whether I would have the courage to offer any kind of improvement or amendment to repair that faulty section of the bill. I did make an attempt to repair it with the amendment I moved earlier which was defeated today, as the committee knows.

In this context, I would have been interested in seeing the hon. member for Medicine Hat recommend some particular in which this section of the bill could be improved. He made no such suggestion; he said he had no such amendment to offer. That leaves the way clear for me to offer this amendment as a means of repairing this section of the bill which I feel militates against the best interests of the shippers in western Canada.

The Deputy Chairman: Order. It is moved by the hon. member for Winnipeg South that Bill C-231 be amended by the elimination from clause 70 of new section 387C.

Mr. Pickersgill: Mr. Chairman, I do not think it would matter a very great deal, in practical effect, whether this amendment was accepted or not. As long as we appointed competent and responsible members to the commission. I would assume that they would respect the confidence of anything they received in confidence and that they regarded as properly and appropriately confidential, whether or not they were expressly told by parliament to do so.

I think, however, it is not unreasonable for us, in seeking to be fair to one section of the community also to seek to be fair to another section of the community. I believe that when we are telling the railways that we do not want to subsidize them, that we want them to earn their own living, we should not do anything that will give them the feeling that they will be inhibited in doing so. I do not agree with hon. gentlemen opposite who say that they think a shipper, in his bargaining with the railway, should be told what the railway's costs are to help him make his bargain to obtain a lower rate unless the railways are told what the shipper's financial position is so that the railways can decide how much he can afford to pay. The idea that the International Nickel Company needs to be protected from the railways is something that I find a little hard to swallow. Even in Thompson, Manitoba, I do not think they need protection; I think they are pretty well able to look after themselves. In fact, I think their bargaining power is probably greater than that of Canadian National Railways.

I believe the presence of this clause in the bill would reassure the railways in this respect. There would be less resistance to providing this kind of informaton, which the commission really must have if it is to do its duty properly, if the railways knew this information was protected by statute. For that reason, and because I cannot see any circumstances in which this clause would inhibit the publication of anything that was properly in contention—because there is no question that information will not be confidential when it is a matter of a subsidy being paid to the railways for any particular purpose—I do not feel disposed to accept this amendment. If it is decided that a subsidy should be paid to the railways, we in this house would have to know, for example, what was the cost of passenger services before this measure would permit the Minister of Finance in certain circumstances to subsidize the railways to some degree. We would have to know what the costs were or we would not pay the subsidy; that is for sure.

In any case where there is any payment made by the treasury, or in any case where the rate will be determined under clause 16, it obviously cannot be determined in any reasonable fashion without the knowledge that is essential for the determination of this question. In this regard, if it was shown that a rate was contrary to the public interest, and the commission was satisfied that there was a prima facie case, that information would not be confidential because the railway would have to establish its case and provide this information publicly.

The only thing this clause seeks to do is afford protection in the case where there is bargaining between the railway and a shipper. We do not think it is fair to insist upon information being available in one case and

not in another. I do not feel very strongly about it, but on balance I have a feeling that if we removed this provision it might create a presumption and feeling that we were not concerned about it. I am concerned about confidentiality being maintained, and for that reason I am not disposed to accept the hon. member's amendment.

Mr. Schreyer: Mr. Chairman, I support the amendment but not for the reasons the hon. member for Winnipeg South gave in proposing it. I do not see anything wrong with parliament giving specific terms of reference to a regulatory agency or a quasi-judicial body. New section 387C gives to the commission, to the regulatory agency, specific terms of reference with respect to the question that certain information shall be made public. I do not see anything wrong with our giving such instructions. But the reason I support the amendment is that I think the kind of instructions we are giving to the commission here are wrong. I do not, on very basic, philosophical grounds, agree with the premise that we can justify a growing amount of administrative secrecy. I believe that if an administrative agency or quasi-judicial body is to arrive at decisions and make orders, it should do so, but it should make the basis for its decisions as widely known to the public as is possible.

It is quite a few decades ago since a former president of the United States said he believed in open covenants openly arrived at. While the analogy may not be perfect, I think it is certainly a guide line that we should be following in large part in this chamber. What possible reason can there be for an administrative agency deriving and soliciting information, accumulating it, looking at it, appraising it, coming to a decision, and refusing to make public the foundation information upon which it based its decision or order?

The minister likes to repeat his argument that the railways should not be obliged to give information to the shippers any more than shippers should be obliged to give their profit and cost position to the railways. But I suggest that there is a fairly important difference. On the one hand the shippers are to be regarded as entrepreneurs and on the other hand the railways are to be regarded more in the nature of providers of a utility service. I suppose that this philosophic difference between the minister and certain hon. members on this side of the house is the reason that we have taken rather important opposing positions with regard to many clauses of the bill. I submit that the railways are providing a service that is in the nature of a utility service and as such they do not have proprietary rights to the same extent as would entrepreneurs under our economic system.

• (3:20 p.m.)

I should also like to say that the minister could offer a compromise. Half an hour ago or more he referred to the fact that when he appointed a special committee to investigate the reasons for the removal of the air maintenance base at Winnipeg it was understood that the special commission of investigation would make certain information otherwise confidential available to the government of the province of Manitoba. I suggest to the minister that it would be better to have the provision in the bill—although I do not like this I still think it is an improvement and I offer it as a compromise—stating that information which is to be regarded as confidential cannot be made available to any other person, qualified or modified so as not to apply to the crown acting in the right of any province. I do not think it is a good idea to make these special arrangements and accommodations with the government of a particular province. I strongly feel that the crown, acting in the right of a province, has the right to demand information which is available to an agency of the federal government if the provincial government is to be able to exercise its functions.

Mr. Pickersgill: Would the hon. member accept the converse of that proposition?

Mr. Schreyer: Yes, I do, Mr. Chairman. I suppose this may lead us into quite a protracted debate but I suggest that if we are to practise co-operative federalism we should try a little harder to respect the legitimate demands of the provinces when they ask for information so that the governments of the provinces can act in the best interests of the people. One need only look at the briefs submitted by the governments of Manitoba and Alberta to see that time and time again reference is made to the fact that in investigating or evaluating the legislation now before us they were unable to do a proper job because they did not have certain crucial information. The submission of the Manitoba government, which I believe is over 200 pages long is simply replete with references to the fact that that government was not able to get the information which they required.

I do not suppose that the minister at this stage is likely to accept any compromise suggestions, but in choosing between keeping

this section intact and deleting it entirely perhaps it would be a sensible compromise to keep it but at the same time to make special provision ensuring the right of the crown acting for a province to receive certain information. In any event I shall vote for the amendment because I support it on basic philosophic grounds, namely, that the less administrative secrecy there is the better.

Mr. Olson: Mr. Chairman, the Minister of Transport said that the Minister of Finance would be keenly interested in seeing that all of the costs are accurate because any inaccuracies may result in losses to the public treasury. I accept this. I am sure that both the federal government and the provincial governments will wish to protect the interests of the taxpayers. However, the variable costs to which I am referring may relate to freight for which there is no subsidy and yet the rates may still be prejudicial to the public interest of a province, a community or a region.

The second point I wish to make is that so far as section 387C is concerned it deals with all kinds of information, not only cost information, and there may be some validity in the minister's contention that some of the information given by the railways to the commission does not necessarily have to do with cost data and should not be made public. What troubles me is that variable costs have been proven to be confidential. Even the standing committee of the House of Commons could not get variable cost data from the railways. In my opinion the present Board of Transport Commissioners does not have the facilities for gathering and computing this data itself without the support of the cost accounting departments of the railways. The railways refuse to give it. This is the point in question. After the commission is set up we hope that it will not have to rely completely on the information supplied to it by the costing departments of the railways. We hope that when there is a particular problem under study the commission will not have to rely entirely on the railways but will have sufficient competent staff to do the job itself. This is one reason that I think we should have this amendment, because so far all that the minister has said, in support of the railways' contention, is that they regard variable costs as confidential.

Another point which troubles me is that if this section becomes law we may be putting

[Mr. Schreyer.]

the commission in a very difficult position because the section states in part:

> —such information shall not be published or revealed in such a manner as to be available for the use of any other person.

If some information supplied by the railways were published by the commission, even if it were stated in doing so that it could not be used to the advantage of some other person the railways could say later that they had provided this information and had reason to believe, or in fact could prove, that this or that customer or even their competitor had used this information for their benefit. If such a case occurred the commission would have acted in contravention of this legislation.

For that reason I wonder whether we should not rely on the good judgment of the commission rather than on this section and not force the commission to take extra precautions in publishing or making available any information. I think that this may be a good reason for accepting the amendment because if the section as it is presently worded is left in the bill the commission will be forced to be overcautious. I think it would be better if we relied on the minister's capability to appoint competent men to the commission and then relied on their ability to decide what should or should not be revealed.

Mr. Cantelon: I wish to say immediately that I support this amendment and that I find the arguments advanced by some hon. members to be most appropriate. In the first place I agree with the philosophy on which the hon. member for Springfield based his arguments. Since the railway is a monopoly in some areas, particularly in the maritimes, I feel that the MacPherson royal commission was in error in allowing it to set its own rates. I feel we ought to have a reasonable opportunity to know upon what basis the railway sets its rates, so I support the philosophical basis put forward by the hon. member for Springfield a few moments ago.

• (3:30 p.m.)

There is another factor which I believe is important in this connection, and that is if the railway is allowed to charge any rate that it likes, according to competition, this could result in area discrimination. I hope the railway would not do this. As a responsible public operation, of course, I feel that the Canadian National would not do this. However I believe it would be possible, perhaps through lack of good judgment, to discriminate against an area. This could be done more easily if the

costing information of the railway company were not open to consideration by people who were interested. This is another reason why the proposed section 387C is bad. The railway figures will not be given consideration if this proposed section is approved.

Mr. Pickersgill: If the hon. gentleman would not mind my interrupting, I may say he would not be correct in that assumption. If someone alleged under clause 16 that there was area discrimination, and made out a prima facie case, any information the railways had to produce to disprove that case would not be confidential information. It would be information the railways would produce to prove their case, and they would produce it in open court.

Mr. Cantelon: I am glad to have that explanation from the minister, but I think it adds further weight to what I have been saying. If this is true, then why do we really need proposed section 387C? If there is any injustice, we can consider it under clause 16, so surely there would be no need for this new section 387C.

Mr. Pickersgill: I think I can answer that in one sentence. The commission, itself, may want confidential information for its own purposes about the competitive operations of the railways, operations that are not in contention by anybody. The railway, when it is directed to provide that information, is surely entitled, just as income tax payers are entitled, to have this confidential information about their business operations kept confidential. This is the only reason for the provision, and absolutely the only reason.

Mr. Cantelon: I am glad to have that explanation from the minister. I do not believe it violates the basic principle upon which I am arguing that the railway is, in effect, a monopoly so it is unwise for us to have such information kept confidential. In this connection, I should like to quote briefly from one of the briefs presented to the committee. I do not believe it was a particularly good brief in many respects. I refer to the one presented by the province of Saskatchewan. In very few instances does it in any way quarrel with the bill. I should like to quote from page 2241 of the committee report dealing with costing procedures, sections 387 to 387C of this bill:

> Bill C-120 recognized that the recommendation by the royal commission on transportation revising costing procedures would have to be developed by a regulatory authority. The government of Saskatchewan reiterated in its 1965 policy statement that it was not satisfied with the grain costing study carried out by the royal commission on transportation;—

Here, I should like to interject that this is the kind of statement we meet again and again. The people concerned with costing studies were not satisfied with those studies. I continue:

> —nor was it satisfied with the study carried out by the railways.

I would say they were probably even less satisfied with those studies.

> Saskatchewan strongly supported development of new and improved standard costing procedures. These procedures were to be established, in the view of Saskatchewan, not only for the movement of commodities such as export grain but, as the bulk of traffic on prairie branch lines is export grain, would also have direct application in the determination of whether or not a branch line of railway was operating at a loss. Saskatchewan took the view that public hearings by the Board of Transport Commissioners to establish the fundamental principles, or procedures of costing, should be held at which all interested parties would be heard.

I take it this is the provision to which the minister was referring when he referred to clause 16 and said there would be public hearings.

> Bill C-231 provides for determination of costing procedures by the new commission, after which the commission may receive submissions and conduct hearings on those procedures.

Here is the crux of the whole of this recommendation.

> Saskatchewan, however, holds to the view that when costing procedures are being reviewed all interested groups must be given a hearing on this very vital aspect of the legislation.

Mr. Pickersgill: Well, that is required by the bill, as the hon. gentleman knows.

Mr. Cantelon: Yes, that is correct; it is required. The point is, if this information is going to be kept completely confidential, I cannot see how it can be given.

Mr. Pickersgill: There would be absolutely nothing confidential about costing procedures. What we are talking about here is information about specific costs in relation to some particular situation; that is all that this clause relates to. It certainly relates in no way to costing procedures, which have to be the subject of a public hearing and open to cross-examination. The commission, you see, has to decide the procedures for calculating costs, and in that way we will get a final decision on

what is a variable cost and what is a fixed cost.

This is one of the first things the new commission will have to do when it is set up. This is going to be the subject of a separate public hearing. Moreover if the railway contends that some fixed rate is non-compensatory, they have to produce information to prove it, and that would not be confidential. The information that would be confidential would be information about transactions between the railway and its individual customers. If you destroy the confidentiality of that, you will not just destroy the confidentiality of the railway's information but you will also destroy the confidentiality of the customer's information.

Mr. Cantelon: I listened to this explanation with a great deal of interest. I wonder if we might just refer to what, in my opinion, is a different attitude. I should like to refer to page 2250 of the committee report where the Quebec North Shore and Labrador Railway offered a rather complicated set of figures to support its argument. These figures indicate the effect a particular type of traffic would have on costing figures. In that connection they were particularly interested in the 30,000 pound load and the difference this would cause in the operation of the railways. They offered figures to show what it would mean if there were a load of 190,000 pounds. Here we have a similar case to that which the minister mentioned a moment ago. This is a particular type of traffic. In fact it deals with a particular segment of that traffic, and they gave us figures whereby we could determine what the effect of the load would be. If they did not consider it necessary to keep these figures confidential, then I would like to know why should any other figures that the railways offer—

• (3:40 p.m.)

Mr. Pickersgill: I do not recall the particular circumstances. Was the Quebec North Shore Railway before the committee? It must have been some day when I was not there. I remember representatives of Wabush Mines appearing before the committee and making representations about the Quebec North Shore Railway, but I do not recall the railway appearing.

Mr. Cantelon: This was Wabush Mines, and its representatives were giving figures from the Quebec North Shore and Labrador Railway.

[Mr. Pickersgill.]

Mr. Pickersgill: Those must have been published figures, or figures that the railway had no objection to releasing. In effect that railway has only two customers, one the Iron Ore Company, which is owned by the same people who own the railway, and the other the Wabush Mining Company. Therefore it is probably not too difficult to arrive at the figures.

Mr. Cantelon: The point is that Wabush Mines is a captive shipper of that railway, but in spite of that it was able to get these figures and submit them to us. If they could do that without hurting the railway, then with respect to new section 387C there is an analogy and there is really no reason why, in the national interest, we could not have the figures disclosed to enable the customer to determine whether he is being overcharged or not. It is for this reason I feel that new section 387C should be eliminated.

Mr. Nowlan: I have just one question for the minister. In his view, what would be wrong with having some disclosure to other government boards like the Atlantic Development Board, the Halifax Port Authority or the National Harbours Board? There will be an interrelationship between these boards, which are also creatures of the federal government, and the work being done by the new transport commission. I wonder why the new section is so restrictive. The information will go only to the transport commission and that commission will often, I am sure, work in conjunction with these other agencies. There should be a relationship between it and the Atlantic Development Board and the National Harbours Board. What is the objection to giving the information to them?

Mr. Pickersgill: I think it is the usual objection to disclosing people's private business to somebody else. Where governments require citizens—and even railway companies are citizens—to disclose their private transactions, such as for income tax purposes, it has been the practice in this parliament and this country generally that that information is treated as confidential.

The hon. gentleman will notice that this new section refers to information that is by its nature confidential, and it is the commission which will determine whether the information is by its nature confidential. For example, if a railway had to show its costs in some competitive traffic it might be very helpful to the competing trucking company to know exactly what those costs are, so that it would know how far it could go to undercut the railway in

getting the traffic. That, by its nature, would be confidential information, and it has always been our custom, when such information is required by a public body for some public purpose, to treat it as confidential. Any information that is required with respect to a railway's functions, that affect a third person, would not be confidential.

Mr. Bell (Saint John-Albert): Mr. Chairman, since this is the first time I have had the floor after the lunch recess I would like to take this opportunity to thank the minister for the few moments he allowed us to get a bite to eat. If there were any doubts in his mind about the value of the recess, I would like to point out that the minister himself was so rejuvenated by it that he talked almost incessantly for almost a full hour after the recess. Surely therefore there was some value in the recess that we had.

Mr. Pickersgill: A negative value.

Mr. Bell (Saint John-Albert): I must also commend the government for the fine attendance of its members in this chamber on a Friday afternoon. The 68 members who are present and who voted on the last two amendments deserve credit for making the sacrifice of being present. It proves that we have finally convinced them of the importance of this bill. When I see such big wheels as the Minister of Trade and Commerce and the Secretary of State for External Affairs here on a Friday afternoon, it leads me to wonder who were bawled out the most two days ago, members of the cabinet or backbenchers.

Mr. Pickersgill: Mr. Chairman, the strict relevancy of this to the amendment is apparent to all of us.

Mr. Bell (Saint John-Albert): Well, the minister knows that I am reluctant to venture into western matters when speaking on this bill. I have a particular interest in maritime affairs and I do not wish to make extended remarks on an amendment that, though it has some application generally, affects the west the most.

However, the confidentiality of documents and information is a big subject. It is one that we consider quite frequently in parliament on motions for the production of papers. Some years ago when I had a deep interest in this subject I formed a firmly held opinion about it, but considering the present matter before us I think we need to bring our thoughts up to date. In the old days we used to say, "Oh well, it is of a confidential nature and might do damage to the competitive position of a private company. Therefore we cannot disclose it."

Both when in government and in opposition I have always avoided voting for any motion that would cause the production of confidential information. When the Conservatives were in office I recall that on two or three occasions the hon. member for York South forced motions that would have meant production of information from the C.P.R., when discussing a railway bill, information that I thought would have been detrimental to its business and that we did not have the right to disclose because it was a private, independent company. I also recall that a former minister of transport, who was then in opposition, supported the government at that time. But even having that background, I believe that the old role of automatically falling back upon the confidentiality of documents needs further examination.

With respect to this matter of costing figures I think that the words of Professor Borts, as recorded in volume No. 40 of our standing committee proceedings, are significant. He says this at page 2864, dealing with the section we are asking to be deleted:

> • (3:50 p.m.)
>
> Section 387C proposes to protect the confidential nature of cost data obtained from a railway company. The hearing procedure would be hampered by the inability of interested parties to obtain information from railways affecting questions of cost. It is not clear how a fair and impartial hearing can be held when a chief party to the hearings, namely the railways, can withhold cost information from interested parties outside the commission. This issue of confidentiality becomes of immediate importance whenever an interested party before the commission has a complaint involving cost. Cost enters into considerations of abandonment of uneconomic branch lines, the determination of deficits in the grain traffic, compensatory rate levels passenger deficits, and so on. In each case, interested parties must be able to examine commission staff and examine statements and testimony presented by other interested parties.

That excerpt speaks for itself.

Mr. Pickersgill: I think it does. I would say, in none of those instances would the information be confidential, notwithstanding Professor Borts.

Mr. Bell (Saint John-Albert): I wish to mention something we have already debated and I shall be interested in hearing an explanation about this. Professor Borts goes on to speak about the situation in the United States. Other hon. members have already referred to this. If in the United States, with keener competition between the railways than in this

country, cost data is made available, why cannot it be made available here?

The final point Professor Borts made is that this section will hamper the method by which the commission can deal with this matter. As I have said when speaking on other amendments, the minister and the government are giving the commission great authority to do many things. It will have bureaucratic power, but essentially it will not have our trust and confidence. In little ways the commission is being denuded of important powers which would create greater confidence in it. Perhaps the minister can speak about this if he is so excited, and so rejuvenated from his sandwich of a few minutes ago. I would refer the minister to section 314D at page 30 of the bill, which is as follows:

> The commission may, ... publish ... the traffic figures ... regardless of whether the figures pertain to branch lines for which applications for abandonment of operations have been filed with the commission but protecting, so far as it is practicable to do so, information that is by its nature confidential—

Is this not an open invitation for someone to disclose figures, and receive protection in that disclosure? Yet in the section we are now considering there is a blanket refusal to do this. We cannot get any figures from the commission.

Mr. Pickersgill: In the one instance they are traffic figures, and in the other they are figures of cost. I have said again and again, in my opinion the only kinds of cost figures envisaged here that are in their nature confidential are those figures of so specific a character that they would or might provide an advantage to the customers or competitors of a railway. Information required for the determination of public matters, such as whether a subsidy should be paid to a railway, or the fairness of a rate, would not be confidential and would be published.

Mr. Bell (Saint John-Albert): We have asked the railways and we have asked many experts if there might be some way for costing figures to be made available. We ought to have some assurance about techniques being used. I feel that the amendment might be useful; it might provide some compromise.

Mr. Pickersgill: That would be possible. The hon. member is speaking of information that would not be confidential. If you have a composite of a number of things that would be fabricated by the commission itself, you would not be disclosing confidential information. At least you would have to be a smart fellow to draw any conclusions from that. This is to protect specific information that all businesses, regardless of their nature, consider confidential.

Mr. Bell (Saint John-Albert): If a principle is involved, why does the minister in one instance say, "so far as it is practicable to do so" the commission may do some things, and then in the other instance, not give an opportunity to do this.

Mr. Pickersgill: Because traffic figures, generally speaking, are not confidential. There is no important element of confidence in them, except where there is one shipper only on a line. Then the figures might be important. Normally traffic figures are different from cost figures.

Mr. Bell (Saint John-Albert): At least the minister is attempting to answer the question. The phrase I referred to is an open invitation for disclosure, even if only of traffic figures.

Mr. Pickersgill: Sure.

Mr. Bell (Saint John-Albert): I shall close now. The minister has admitted that there might be some possibility in the future of opening up this subject, that needs a new look. The amendment does not necessarily mean that all figures will come out, but it takes this section out and enables the commission to do what it wants to do. I feel we must have more trust and confidence in the commission.

Mr. Southam: I do not want to belabour the point under debate. As a former member of the committee on transport and communication I have listened to many witnesses who time after time have stressed what this sensitive area of cost accounting means to the legislation before the house, and to the shippers using the transportation systems of Canada. The hon. member for Saint John-Albert stole my thunder because he quoted what Professor Borts had said, and I had intended quoting the same words.

As I think I said earlier today, Professors Borts and Williams were two of the most competent witnesses before the committee. They had spent many years preparing themselves academically for the role in transportation they play on this continent. Manitoba was fortunate in having them as witnesses.

In supporting the amendment of the hon. member for Winnipeg South, to section 387C,

let me follow the quotation of the hon. member for Saint John-Albert with another quotation, to emphasize the need of getting away from the confidentiality aspect. Nine years ago when the MacPherson royal commission studied the problems of transportation and prepared recommendations, an argument arose about actual techniques of costing. Professor Borts goes on to say this—and this follows what the hon. member for Saint John-Albert has mentioned:

> Much has been made in the past of the need to protect the confidential nature of operating cost data of the railways. The railways have argued that public knowledge of such information would place them at a competitive disadvantage with respect to other modes, namely truckers. The competitive position of the railways vis-à-vis the trucks is supposedly defended by a general ignorance of rail variable costs. The railways feel that if the trucks had such knowledge, they would know which areas of rail traffic are vulnerable to rate competition. Following this argument, the trucks would speedily act to cut rates on such traffic and drive the rail service out.
>
> I find this to be ludicrous and a coloured picture of competition in the marketplace. The rails over time have lost high-rated traffic to the trucks because of the constant pressure of competition pushing both shippers and truckers to find those commodities and services where truck can displace rail. It has not been necessary for these parties to know rail costs. All that is needed is a truck rate and truck service which is better than the rail rate and rail service. That a more perfect knowledge of rail costs would cause additional loss of traffic to the trucks is a hypothetical statement without empirical foundation.
>
> • (4:00 p.m.)
>
> It will not be possible to carry out the costing activities required in this act if rail costs are to be kept confidential. For the costing activities required in this act will necessitate the determination of system average cost scales for the railways, as well as the determination of long-run variable cost for particular items of traffic and branch lines. How can the commission make such information publicly available without revealing rail cost information? How can it carry out its mandate without making such information publicly available?

This is a positive statement made by a man who is highly qualified to comment on this type of legislation. He says that it will not be possible to carry out the costing activities required under this act if railway costs are to be kept confidential. "Is the commission to operate in secret?" he asks. This is a most pertinent question.

Mr. Pickersgill: I believe the hon. gentleman is repeating a mistake to which I referred a moment or two ago. I think Professor Borts did not understand what is intended by this clause at all. Information of a general character which is required for the general purposes of the commission is not information which is, in its nature, confidential; it is information required in the public interest and it simply would not be covered by this clause at all.

Mr. Southam: I am sure the minister is perfectly serious when he advances that point of view, but on several occasions in the committee when questioning witnesses, particularly from the C.P.R. we noticed that they stated emphatically that they did not wish to give certain information. Professor Borts expresses his point of view very strongly, even though the minister does not agree with it. With reference to this very section, he goes on to say—and I believe this is worth putting on record for the benefit of the minister and of the officials responsible for the drafting of this legislation—

> 1. The commission should be instructed to carry out costing procedures necessary to satisfy the requirements of sections 314, 329, 334 and 336. In addition, the commission should be instructed to determine the profitability of any undertaking by comparing the revenues from that undertaking with the long-run variable costs.
>
> 2. Such cost information is to be made freely available to all interested parties in matters relating to commission hearings under sections 314, 329, 334 and 336.
>
> 3. Interested parties will have the right to examine material prepared by commission staff and examine material presented by other interested parties.

His fourth recommendation, squarely stated, was that section 387C should be deleted altogether.

Mr. Pickersgill: I suggest to the hon. gentleman that Professor Borts is an economist and a railway expert, but he is not a legislator and he is not a lawyer, and what the hon. member has just read to the committee is a perversion of the clause—a total perversion of it. In all the hearings with respect to branch line abandonment, and with respect to anything the treasury may have to put up, and in any contention about the facts of a particular situation which might come before the commission, the information would not be confidential at all. But the commission might require some further explanation about an analogous or different situation which was not en jeu, which was not at issue, and which there was no earthly reason to make public. This is all that was envisaged.

Sometimes I almost wish we had never put the clause in at all. If we took it out now, people reading this debate would be bound to argue that nothing was confidential, and that

is where my difficulty arises, the only difficulty I have with regard to the amendment.

The hon. member for Winnipeg South is not here, but he might have left power of attorney with somebody, and if he would withdraw his amendment for the total removal of the clause we might be able to put in a phrase which would meet the situation, words which would indicate clearly that this confidentiality would apply only where the matter in dispute was one purely between two parties, and had no bearing on the public issue involved—something of that sort. I do not think there is really much difference between us here in the committee, and we seem to be spending a lot of time on something which is really a minor point.

Mr. Southam: I can sympathize with the minister's point of view and I can understand his anxiety to make progress. On the other hand, we must realize that after 60 years we are studying one of the most complicated, far-reaching and important pieces of legislation which this government, or any government has introduced, and when the minister says he almost wishes he had left this clause out he is exemplifying the thoughts and suspicions felt by a great many people.

The minister referred to railway branch line abandonment. In western Canada we are faced with a rash of applications for the abandonment of branch lines, and the problem to which I have referred is bound to arise, in future, in this connection—how the railroad arrives at certain figures for profits and losses. Incidentally I should like the minister to tell me upon the basis of which formula the government arrives at this map of railway lines which are to be retained until 1975. Were these lines chosen for retention on the basis of the volume of grain carried over them? Was the figure of 50,000 bushels a mile the figure used in reaching this determination? I should also like to ask the minister where he got this information. Was it confidential? Did he accept the figures offered by the railway companies? How logical is this formula? Is it to become a rule of thumb, as some have suggested, or has there been a secret agreement between the government and the railways?

Mr. Pickersgill: It was not even discussed with the railways. This is covered in a clause which has already been passed, and I gave an extensive answer to the hon. member for Qu'Appelle the other day on the point which the hon. member has raised. I know that the hon. member for Moose Mountain would not mind looking at *Hansard* to find out what was said, and if he is not entirely satisfied with my statement, well, we still have clause 1 to consider and on that clause I will be glad to elaborate on any point which has not been covered.

But as I say, this was not even discussed with the railways. It was discussed with officials of the wheat pools and with representatives of some farm organizations, and there was indirect discussion with representatives of the provincial governments as well as with people who were interested in preserving the lines. It just so happens it was never discussed with the railways at all. We did not see that it was really any of their business, because in the case of any of these lines which are not going to pay we are asking parliament to make up the losses, anyway. What we were concerned about were the social and economic factors involved.

• (4:10 p.m.)

While we should not get away from what is immediately before us, I think what is before us is a very narrow clause. If there should be some way in which to deal with this so as to indicate that in no way should the public interest be allowed to suffer, I would be prepared to put something in this clause to this effect, if someone could find a suitable wording. I wonder whether this would be a possibility.

Mr. Southam: I thank the minister for informing me that he already has answered some of my questions when answering a question asked by the hon. member for Qu'Appelle. Of course the hon. member for Qu'Appelle represents a constituency adjacent to mine, and probably he was expressing the same fears the people there had expressed to him. I do not wish to be repetitive. I could go back and quote the evidence given by dozens of witnesses on this point. When I rose to speak it was my intention to support the amendment moved by the hon. member for Winnipeg South. I am ready to support that amendment when it is put to a vote.

Mr. Lewis: Mr. Chairman, if the amendment which is now before this committee should be voted on, I would enthusiastically support it. I do not, however, hold the view held by many members in this house with regard to confidentiality. I believe that if the practices and the facts relating to business transactions in this country were more known by the people of Canada, a great many of the difficulties with which we have been faced in

this parliament and in other legislatures would be avoided. The hon. member for Saint John-Albert was quite right in saying that back in 1952-1953 I moved a motion during the sittings of one of the standing committees of this house to the effect that the C.P.R. produce a contract. I remember that the Minister without Portfolio, the hon. member for St. Lawrence-St. George, at that time supported the C.P.R. in its stand that it ought not to file that contract with the committee, even though the very thing we were discussing—the building of another line—depended upon it.

It seems that we are spending a great deal of time on this, when perhaps there is not as much disagreement as there may on the surface appear to be. I have spoken to one or two hon. members about this. After the amendment is voted on I should like to ask the minister whether he would agree, as a compromise, to the addition of certain words to the present new section 387C. I do not usually go in for compromises.

Mr. Pickersgill: I thought the hon. gentleman was a professional mediator.

Mr. Lewis: I am not sure I am a professional mediator, but I have mediated. In some situations mediation is useful, I am not sure that it is in matters of principle. One of the things which worries me about the wording in this section as it now stands is what is meant by the words "information that is by its nature confidential". The minister continually says that a matter which is not by its nature confidential is not going to be effective. What is by its nature confidential, except what somebody thinks is by its nature confidential? That somebody ought to be the commission, and of course it will be the commission. I am wondering whether members of the committee might find the following suggestion acceptable: "Unless in the opinion of the commission such publication is necessary in the public interest".

What we would have then would be a general prohibition against such information being revealed in such a manner that it would be available for the use of any other person. This would provide even in such a case, if in the opinion of the commission the information is necessary in the public interest, that the commission would be empowered to publish it. Assuming my amendment is as sensible to others as it appears to be to me, perhaps we could end the discussion and reach agreement.

Mr. Pickersgill: It so happens that simultaneously with the hon. gentleman's suggestion I have received advice from a higher realm that we might add the words, "unless publication in the opinion of the commission is necessary in the public interest". There seems to be a meeting of legal minds here. I wish that I had been bright enough to have put this suggestion forward in the first place. Unfortunately the hon. member for Winnipeg South is not here. I wonder whether there might be agreement to defeat the amendment on division so that we do not have to have a count. I will then be very happy indeed to accept this amendment which has been suggested by the hon. member for York South.

Mr. Lewis: I should like to know, when the minister said that he had received advice from a higher place, whether he was speaking merely in physical terms.

Mr. Pickersgill: Yes; in physical terms. The remark may have been made in levity, but there was no sense of levitation.

Mr. Nasserden: Mr. Chairman, I am not going to oppose what has been suggested by the minister, but I do think this would leave the commission open to a great deal of controversy. What is a matter of public interest in the mind of one person, may not be a matter of public interest in the mind of another person, or may not be a matter of public interest in the minds of those in another section of the House of Commons. This would bring about a wide difference of opinion. The persons making the decision would have to be very wise persons in order to be able to make the decision without finding themselves in a controversial position.

Mr. Pickersgill: That is right. Judges always have to be wise persons.

Mr. Bell (Saint John-Albert): I agree with the hon. member for Rosthern that there will be a great deal of pressure on the commission in making a decision. The members of the commission will have to decide what definition of public interest they will use. They will have to decide whether they will use the one we have here, some common law definition, or some judicial definition which has been on the books for some time. I think we should give the hon. member for York South credit in respect of his suggestion. Whenever there is a discussion like this in parliament, although the board may not pay any attention to what we say, I think a discussion like this might

scare them so much that they may not publish anything. We might derive some good from it in that regard.

The Chairman: Is the committee ready for the question?

Amendment (Mr. Sherman) negatived on division.

Mr. Lewis: Mr. Chairman, I hate to take this away from the minister's advisers who are not on the floor. However, I move as follows:

That clause 70 of Bill No. C-231 be amended by deleting the period at the end of section 387C on line 33, page 55 of the bill and substituting therefor a comma and adding thereto the following words:

"unless in the opinion of the commission such publication is necessary in the public interest".

Mr. Chairman, I wrote this out by hand on a piece of paper, so I am afraid I do not have copies of it.

• (4:20 p.m.)

Mr. Pickersgill: Before the question is put, sir, let me say that I am not sure the hon. member has the right copy of the bill. As I look at new section 387C his amendment would refer to page 61, line 35.

Mr. Lewis: I may be looking at the original bill, and I apologize for that error.

Mr. Pickersgill: Perhaps the amendment could be corrected by changing it to read page 61 and line 35.

The Chairman: Would the hon. member for York South permit the Chair to make the necessary changes?

Mr. Lewis: Certainly, sir, and I apologize for having had the original copy.

Mr. Bell (Saint John-Albert): Mr. Chairman, if the hon. member for York South has a copy of the original bill I suggest he should hang on to it, because they are becoming valuable these days.

Mr. Lewis: If I have one, Mr. Chairman, it is a document that is confidential in its nature.

Mr. Pickersgill: I would be glad to autograph it for you.

The Chairman: The amendment has now been corrected to read in part "in line 35 at page 61 of the bill".

Is it the pleasure of the committee to adopt the said amendment.

[Mr. Bell (Saint John-Albert).]

Some hon. Members: Agreed.

Amendment (Mr. Lewis) agreed to.

Clause 70 as amended agreed to.

Clauses 71, 72 and 73 agreed to.

Mr. Pickersgill: Perhaps the committee would agree to stand clause 74 for the moment. I have an amendment I wish to propose to this clause. It is not quite ready as yet but I hope to have it shortly.

The Chairman: Is it agreed that clause 74 stand?

Some hon. Members: Agreed.

Clauses 75 to 82 inclusive agreed to.

On clause 83—*Status of former chairman of Air Transport Board.*

Mr. Forrestall: Mr. Chairman, a number of members are very interested in this vital aspect of transportation in Canada. Because this is the only clause which would permit questions relating to air transport, would the minister agree to stand this clause? I am sure this would not involve much discussion.

Mr. Pickersgill: Let me make an alternative suggestion to the hon. member. Clause 1 has been stood, and it sets out the general provisions of transport policy. Clause 83 is a very limited and technical clause. I am sure that any question which would be in order during our discussion of either clause 82 or clause 83 would be more likely in order when we return to a discussion of clause 1. I would not take exception to a reasonable discussion on that clause.

Mr. Forrestall: On that understanding I am agreeable to the passage of this clause. I thank the minister for his concern and charity.

Clause agreed to.

On clause 84—*Members of Canadian Maritime Commission.*

Mr. Bell (Saint John-Albert): Just to slow things down for a minute, Mr. Chairman, let me say that this clause refers to the Canadian Maritime Commission. There has been reference to railway companies, pipe lines and other modes of transportation but we have not had much discussion about water transportation. Perhaps we will be discussing export rates in the maritimes before we conclude this afternoon, but I should like to ask the minister to indicate the duties of the Canadian Maritime Commission because they have been

revised recently. Perhaps the minister, as an old Newfoundlander who can get nostalgic about the sea, could tell us what he envisages in the future for Canada in respect of matters concerning the merchant navy and the Maritime Commission. Perhaps he could assume that the house is full of landlubbers and expound on this subject for a moment or two.

Mr. Pickersgill: Mr. Chairman, the hon. gentleman overwhelms me. First he gets up and says I must have had too much lunch because I talked for an hour afterwards. Now when I am trying to keep quiet he invites me to say something that would be entirely out of order.

Mr. Bell (Saint John-Albert): It is a matter of timing.

Mr. Pickersgill: No doubt it is and—I very nearly said something I would have regretted.

Mr. Byrne: That is what he wanted you to do.

Mr. Pickersgill: As the hon. gentleman knows, the Maritime Commission formerly had the function of dealing with subsidies for shipbuilding. It was felt at the time the subsidies were revised that it would be more appropriate to have this function transferred to the Department of Industry, where it now rests. The result is that some staff of the Maritime Commission will be transferred to the Department of Industry for this purpose.

The Maritimes Commission will continue to carry out all its functions which relate to transport. It advises the government in respect of subsidies for ferry and other services. It is engaged in one activity at the present time, and I am sure this will warm the heart of the hon. member for Saint John-Albert. The chairman of the Maritime Commission is actively engaged in discussions with the Canadian Pacific Railway in relation to a certain water crossing that is very important to the hon. gentleman and to the hon. member for Digby-Annapolis-Kings. I hope we will be able to make concrete proposals to parliament before too long in this regard.

• (4:30 p.m.)

Mr. Bell (Saint John-Albert): Mr. Chairman, I thank the minister for that encouraging news about the ferry in the Bay of Fundy. If Canada moved ahead in merchant shipping matters, if we realized that we had a destiny in the sea, and it was possible to make plans for a merchant fleet and the like, would the new commission with its usurpation of the function of the Maritime Commission, and the other authority it may pick up, have the power to deal with the question of conference rates and matters of that kind? I am not speaking now of matters that may come under the Maritime Freight Rates Act, port parity, and the like; but I have always felt that because Canada has not had the ships with which to back up our case at conference tables when negotiating water conference rates, and so on, we have always got the short end of the stick.

I wonder whether the minister envisages a greater interest in water conference rates and the like, on behalf of Canada, because of the institution of this new commission. I express the hope that this new, massive bureaucratic agency will be active in this area. We have some fears about what may result and what may even take place in a detailed way within the new commission, but I think all hon. members of the committee generally agree that something had to be done about our transportation system. There is approval at least of the part that sets up the commission, but I hasten to add this qualification. This matter comes to mind because I noticed in the paper the other day that there are moves afoot again to break up the ministry of transport. I see the Minister without Portfolio is in the chamber, who has some interest in transport. He is acting minister of everything, as well as being junior minister of transport. I hope he will understand when I say—this is not meant to slight him—that I think we should still have, particularly in view of this legislation, one Minister of Transport.

Mr. Pickersgill: Hear, hear.

Mr. Bell (Saint John-Albert): Perhaps both ministers will be glad to hear that, but I did not want to appear to be against either one of them. I still believe there should be a single ministry. I believe that this new commission, with its great powers in respect of all modes of transport, must be under one minister. I think this will keep in line the element of competition amongst the members of the commission, for one thing. They will take over their new duties, I hope with handsome salaries. They will all be experts, but they will be oriented toward one mode of transport in nearly every case. I would be afraid that a real tug-of-war might ensue between different members of the commission in an effort to obtain concessions in their particular field. I refer to the old, civil service Parkinsonian attitude wherein they will all be trying to

build up their own field of interest and activity. Therefore I hope that in this regard there is still only one Minister of Transport.

We are in the dying days of this legislation. I notice the smiling face of the minister. I hope he is still with us for a while after this legislation is passed.

Mr. Nesbitt: He is going to take a long time to die.

Mr. Bell (Saint John-Albert): I am not sure whether the hon. member for Oxford said "he" or "it" is going to take a long time to die. I am not sure whether he meant the minister or the legislation.

Mr. Nesbitt: Like Charles II. Not the minister, though.

Mr. Bell (Saint John-Albert): We are in a much better mood in the late hours of this afternoon than we were before we had that sandwich. Having said what I wanted to say about the make-up of the commission, and the worry I have of competition among the different modes of transport, I want to repeat what I said at the beginning of my remarks, namely that this nation, which has such a large coastline—it is about the second longest in the world—should pay greater attention to our shipping industry. The minister took some action, and rightly so, in setting up a Canadian coast guard. This is all to the good. It is true that the government is involved in most of the vessels that we have, and it is unfortunate that private enterprise should not play a larger part in this development. All through our discussion of this legislation we have detected a great concern on the part of the minister for private enterprise. I may have disagreed with the minister in detail, but I am pleased to see this attitude; I think it is what we want in a country such as Canada. But let us give all forms of transport a chance to develop. In closing, Mr. Chairman, I merely express the hope that the new transportation commission, the 17-man board, will be strong, forceful and will bring to the fore that sector of our transportation system that for some reason or another has been sorrowfully neglected in Canada.

The Chairman: Shall clause 84 carry?

Clause agreed to.

Clauses 85 to 88 inclusive agreed to.

On clause 89—*Pending proceedings.*

Mr. Schreyer: Mr. Chairman, in my opinion clause 89 reads in a rather disturbing way. I believe this feeling is shared by other hon. members who have received letters from organizations in western Canada that are concerned about the procedure to be followed with regard to the abandonment of lines that are not part of the protected grid. I know the minister has on several occasions been asked to clarify this point, and each time he has been asked to clarify it once and for all. I refer to the practice that will be followed once this bill passes. Will those applications for abandonment which are before the board at the present time be heard and considered under this bill, or will they be considered under the existing legislation? As I read clause 89, it seems to indicate that, notwithstanding the new procedures that are to be followed with respect to abandonment, those applications already in the works shall be heard under the old procedures.

Mr. Pickersgill: Mr. Chairman, I have answered that question before, but I am glad the hon. gentleman has raised it because I can give the assurance on this clause that I gave before. I do not think it would be reasonable, since these applications have been in for years, to ask the railways to start all over again making the applications and to ask the commission to start all over again, thus causing delays in the gathering of information. I gave an undertaking, and I hereby repeat it, that as soon as possible and before any hearings are held, after this bill has received royal assent I will ask my colleagues, and I already have their approval, to accept my advice to cause an order in council to be passed to prescribe that the procedures under the new act with respect to the hearing and disposition of these applications will be followed. That means that the actual applications will not have to be re-made and any technical requirements that have been met up to now will not have to be wastefully repeated, but that any and all hearings will be held under the new procedures prescribed in this act.

• (4:40 p.m.)

Mr. Schreyer: Mr. Chairman, the minister's compromise is one that will neither satisfy nor anger anyone. On balance I think that perhaps it may please to a small degree those who have been concerned.

Clause agreed to.

On clause 90—*Continuation of orders, etc.*

Mr. Bell (Saint John-Albert): Mr. Chairman, I had a reference on my desk which I cannot find for the moment—there is so much

propaganda coming and going on this legislation. During the hearings the minister, in answer to a question about costing techniques—this might not refer to the clause which we are now considering, but it is only a brief matter and I think the minister would want to clarify it—spoke about a guarantee to set up public hearings on costing techniques. I think the minister would want to take this opportunity to state in a general way what he has in mind for those who watch these things in detail.

It may be that the bill incorporates some direction with regard to this matter. Without opening a debate I would like to hear the minister repeat to the house what he said in the committee.

Mr. Pickersgill: The committee concentrated so much of its attention on section 387C of clause 70 that it did not pay much attention to sections 387A and B, and I am not inviting anyone to do so now. The procedures for costing are prescribed in clause 70 and I think that what will be contained in the bill itself if it is passed—and I am beginning to be a little more hopeful—is far more useful than any assurance I gave in the committee. However, I did give an assurance that there will be public hearings to establish costing techniques at which every interested party will be represented. This is contained in the bill.

Clause agreed to

Clauses 91, 92 and 93 agreed to.

On clause 94—*Coming into force.*

Mr. Pickersgill: I have an amendment to offer on clause 94. There are some highly technical amendments that are required to clause 94 consequent upon the amendments that we have made to clauses 20 and 21. I will read this amendment and if any elucidation is required I will be glad to supply it. The amendment reads as follows:

That Bill C-231, an act to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions, be amended

(a) by inserting immediately after clause 93 on page 71 of the bill, as reprinted, the following:

Amendments and repeals

"94. The acts and portions of acts set out in the schedule are repealed or amended in the manner and to the extent indicated in tne schedule.";

(b) by renumbering clause 94 thereof as clause 95; and

(c) by striking out line 29 on page 71 of the bill, as reprinted, and by substituting therefor the following:

"Sections 80 to 90 and section 94 shall come into force on".

Unless hon. members wish an explanation of that amendment I can assure them that this is a purely technical drafting matter.

Miss LaMarsh: Mr. Chairman, I so move.

The Chairman: Is it the pleasure of the committee to adopt the said motion?

Amendment agreed to.

Clause 94 as amended agreed to.

Mr. Pickersgill: Mr. Chairman, before we go on I wonder if the committee would be willing to go back to clauses 58 and 59. The hon. member for Saint John-Albert promised us a real feast of reason and flow of soul. Could we take part II of the bill which we omitted earlier, and on which I doubt there will be much debate, and dispose of it?

Mr. Bell (Saint John-Albert): Mr. Chairman, we have made good progress and we are in a better mood now, but the pipe line experts in our party did not think this matter would be coming up at the present time. Therefore I would ask the minister to stand that part of the bill.

Mr. Pickersgill: It is quite agreeable. There is one other clause in the early part of the bill that was held over because we did not want to pass it until section 336 was passed, and that is clause 16.

Mr. Bell (Saint John-Albert): I think clause 16 deserves to be held over until Monday. If the minister wishes us to express ourselves on clauses 58 and 59, this would be quite agreeable, as we are very unhappy with the matter of port parity. I think it would be of some help to the minister to hear the thoughts of the hon. member for Halifax with regard to this matter.

Mr. Pickersgill: That would be agreeable to me. I thought there was some reluctance on the part of the hon. gentlemen to go on with this matter this afternoon, but if that is not the case I would be agreeable to reverting to clauses 58 and 59.

On clause 58:

Mr. Forrestall: Mr. Chairman, the minister's suggested amendment was outlined to us earlier and I will not go into it in depth, except to put on the record for week end study the

shortcomings which we see in it as it is now worded. It seems to us that in his amendment the minister has taken the line of least protection of some of the traditional rights in ordinary times. To state it very briefly, let me say that I see four obvious shortcomings in the bill. I would hope that the minister might give thought to what I will say, together with the senior officials of his department. The first one deals only with export traffic and we are well aware of the arguments on both sides, although we wish that exports were included.

The second shortcoming of the amendment is that it accepts the provisions of section 334 which, by any stretch of the imagination, does nothing more than negate the provisions which we are trying to preserve.

• (4:50 p.m.)

The third shortfall is that it deals in no way at all with port parity with northeastern Atlantic ports in the United States, such as Portland, Boston and Baltimore.

The fourth shortcoming in it, which we can see from a cursory examination, is that it restricts any protection to those ports as defined within the select territory areas. We feel that now is the time for the maritimes to stand up on their hind feet and ask for that to which not only are they entitled, but without which the economic end of our port facilities is in sight, and that is the inclusion or extension of select territory definition which may well come under proposed section 329A, the definition of eastern ports. I just throw these suggestions out to the minister in the hope he will consider them. In other words, so that the minister will know to what lofty heights we aspire, we would like to see total port parity of all eastern ports.

When we start a study in depth of this provision on Monday, the minister will know the heights to which some of us, in our ignorance, are going to aspire. He will know it is not born out of malice. Since it is close to five o'clock, perhaps we should leave this for the minister's consideration over the week end. There is one other point I should like to mention, so the minister will be aware of it. We intend over the week end to attempt to draft at least two amendments and possibly three, one of which will possibly be a substitute for the shortcomings in this bill. It is not possible to draft one amendment, so we will have to go into a whole series of amendments in order to bring the provision into line with the desires of eastern Canada.

There is no way of even beginning to touch the basis upon which we will make our appeal to the minister, and to those on the other side of the house, particularly those who represent maritime constituencies. We have only seen a small number of these representatives in the house during the last two or three days. We hope that when we begin this study in depth on Monday we will hear from some of the other maritime members, particularly those from Newfoundland who are vitally concerned, although they do have special protection. I hope the minister will not take these remarks in other than a spirit of generosity, but we serve notice that he cannot expect any reading from scripture but rather some hard-nosed facts, which we feel he should acknowledge.

[Mr. Forrestall.]

Mr. Bell (Saint John-Albert): I should like to support the hon. member for Halifax on this matter. Halifax and Saint John stand together in this instance, even though they compete for port business. The minister has brought forward an amendment, and I must confess I have only had a chance to look at it hastily. We were concerned this afternoon with some of the other important sections of the bill. I think everyone will admit that we made good progress and we all discharged our responsibilities. One could consider that the minister brought forward this amendment merely to start a debate, and that he really was not serious about it. This is what the hon. member for Halifax and I choose to believe at the moment.

As a result of a quick look at this amendment, we believe it falls very far short of what we expected. At this late hour, I do not want to go into the history of the difficulty of our ports. Everyone knows that Halifax and Saint John, as well as the provinces of Nova Scotia and New Brunswick, went into confederation on the promises that were made in confederation speeches to the effect that these ports would be preserved. This promise has been incorporated in various ways into statute law.

In so far as this amendment is concerned, the minister says that if there is anything by way of port parity protection for Halifax and Saint John in the existing law, he hopes nothing in this legislation will interfere with it. If the minister were sincere about this matter, then he should have caused a full review of every statute in this country, every board of transport decision and every related matter, to ascertain just what there was in our existing law which provided protection for our ports. Having done that, and having seen as I am sure he would have seen, certain

built-in protection, I think he should have gone on from there.

The St. Lawrence seaway made our competitive position worse. Business is going farther inland in this country. We see business going by our door, and this is not a happy situation. This winter the ports of Saint John and Halifax have had a bad year, their worst year so far. Some of the tonnage figures are not bad, but they relate to bulk cargo. There is no trans-shipment activity, which is lucrative for our longshoremen and for the economy of this area.

When the minister is relaxing this week end and mulling over the success he has had in putting through the different clauses of the bill, he should give consideration to bringing forward something better for port parity, otherwise Monday is going to be another sorrowful day, such as he had two days ago when the Liberal party was humiliated in its move to wipe out the Crowsnest pass rates.

Mr. Pickersgill: I wonder if, in the same conciliatory spirit in which the hon. gentleman has just been speaking, there might be any disposition on the part of the committee not to see the clock so that he may continue in his seductive vein? I am sure the rest of us would love to hear him.

Mr. Bell (Saint John-Albert): No, we have had a good day and I think the rights of private members should be preserved. If the minister does feel we are a little hard on him, I have fairly good news for him. I can tell him that the hon. member for Acadia may not be coming in until later on Monday night. The conclusion from that is that the minister had better be good in the early part of Monday, otherwise we will speak to the hon. member.

Mr. Pickersgill: I wonder if the committee would bear with me for just one minute to make a suggestion which I would like hon. members from the Atlantic provinces and particularly the hon. members for Halifax and the hon. member for Saint John-Albert, to ponder. It will be recalled that we made certain amendments to clause 16(3). Perhaps I should read them so they will be in *Hansard*:

(a) whether the tolls or conditions specified for the carriage of traffic under the rate so established are such as to create

(i) an unfair disadvantage—

• (5:00 p.m.)

Perhaps I do not need to read subparagraph (i), but subparagraph (ii) reads:

(ii) an undue obstacle to the interchange of commodities between points in Canada or an unreasonable discouragement to the development of primary or secondary industries or to export trade in or from any region of Canada or—

And this is really the new part.

—or to the movement of commodities through Canadian ports; or"

This would mean that if there were any undue obstacle or if it were alleged there were any undue obstacle to the movement of commodities through Canadian ports, by tolls or conditions specified for the carriage of traffic, this matter could be taken before the commission, and a hearing be held, following which the commission would have power to issue an order to correct that situation.

I think that the hon. member for Halifax who has spoken might feel that if I had not done this, probably I should have done it; but since I have done everything that the law officers can think of to preserve all the rights that there are under the law, it would seem to me that in these principles we are setting out in clause 16, which enable the commission to interfere with competitive rates, or rates set by the carriers, and to establish tolls or other conditions, this would be something that would give the shippers, and those communities and provinces, something more than just the existing law on which they could rely, and that certain other advantages might be had or might be of interest.

I would be prepared to have one of my colleagues make such a motion on Monday if, upon reflection over the week end, hon. members seemed to think that this would be a useful addition to the bill. I myself am inclined to think that it would be.

The Chairman: I would like to crave the indulgence of the committee for a moment to refer to the work done in committee last Monday. When there was a discussion on clause 20 an amendment was moved to introduce a new clause 20 and to renumber old clause 20 as clause 21. As the procedure appears in *Hansard* at page 11861 it would appear that the new clause 20 was introduced but no consideration was given to paragraphs (b) and (c) of the amendment to renumber the clauses.

I apologize to the committee for allowing this to slip by me, and I think it would tidy up

our procedure if I now asked the committee to agree to these two paragraphs.

On clause 20.

The Chairman: Does the committee agree now that clause 20 on page 12 of the bill, as reprinted, be renumbered as clause 21?

Some hon. Members: Agreed.

The Chairman: Also, will the committee agree that clause 21 and the heading thereto on page 13 of the bill, as reprinted, be struck out?

Some hon. Members: Agreed.

On clause 42.

Mr. Pickersgill: I wonder if I could have the same indulgence for just a minute to have a similar technical change made. It will be recalled that an amendment was moved by an hon. member on the other side—for the moment I cannot recall who it was—to clause 42 which read in part:

—the governor in council may take such legislative or other action—

When I accepted the amendment, entirely without advice, I entered the reservation that I thought it could be tidied up by the Chair, but I am told that the Chair can only tidy up punctuation. Could it be agreed that instead of reading "the governor in council may take such legislative or other action" it should read "may cause to be taken such legislative or other action"? It would save a little time on Monday if we could agree to that now.

The Chairman: Does the committee agree to the suggested change as put forward by the minister?

Some hon. Members: Agreed.

Progress reported.

Mr. Deputy Speaker: It being five o'clock the house will now proceed to the consideration of private members business as listed on today's order, namely, public bills and private bills.

JUVENILE DELINQUENTS ACT

AMENDMENT RESPECTING PLACES OF CONFINEMENT

Mr. Frank Howard (Skeena) moved the second reading of Bill No. C-13, to amend the Juvenile Delinquents Act.

[The Chairman.]

He said: Admittedly, Mr. Speaker, this bill only tackles one of the many problems relating to our younger people and the relationship they have with the law. Last year an interdepartmental committee report, dealing with many other aspects of the situation, was made public. The bill before us is one that was prepared some time ago. If you look at its front page you will notice that we are now only four days from the anniversary of its first reading, and it was prepared long before then.

The Fauteux committee which examined certain penology matters more than ten years ago made a certain comment which is reprinted in the explanatory notes to this bill, and I think I would be unable to put things more succinctly than did Mr. Justice Fauteux in his report. I quote the following comment from page 27 of his report, as reproduced in the explanatory notes:

Young Offenders

It is an astonishing fact that under the present law in Canada, it is possible for a child under the age of sixteen to be convicted of a criminal offence in an adult court and be sentenced to a lengthy term of imprisonment in a penitentiary. This can happen in any of the many areas where the Juvenile Delinquents Act is not in force ... In our opinion legislative changes are needed immediately to provide that no person under the age of sixteen years shall be committed to penal institutions where adult prisoners are confined, and we recommend accordingly.

The force of that recommendation is underlined by reference to "immediately." That committee saw no reason why immediate action should not be taken.

• (5:10 p.m.)

In 1956 this committee reported to the minister of justice. Though many recommendations of the Fauteux committee have gone by the board, and have in some cases been ignored by successive ministers of justice, it is a sad commentary on the government, on parliament, on sociologists and on anybody who has any real concern for the position of our younger people in our society that the report and recommendations of Mr. Justice Fauteux have been ignored for so long, when he himself said that legislative changes were needed immediately. They were needed in 1956, and before then.

The purpose of this bill is to put into legislative effect the recommendations of Mr. Justice Fauteux, that it will not be possible for a child to be committed or confined to a penitentiary where adults are imprisoned. No one will argue that it benefits younger people to be incarcerated in a penitentiary with

hardened criminals who have committed crimes of all varieties and intensities. The general consensus throughout the nation, throughout the western world, is that it is undesirable to place younger persons in contact with people who have spent many years of their lives following the pursuits of crime, and in the penitentiaries. If for nothing else, penitentiaries are excellent places for an apprenticeship in crime. As I have said earlier, it is sad that this situation should prevail for such a long time without legislative action being taken about it.

We have had for some time the report of the committee on juvenile delinquency. I had postponed proceedings with respect to this bill since the committee made its report, hoping that the study which I thought the Solicitor General said would take place would reach a conclusion. I hoped that we should see the beneficial results of that study come to the fore in a legislative way in the relations with the various provinces. It seems that the study has not yet been completed, because we have not heard anything about it. It would appear that the study will not yield full or partial results during this year. There is no reference to action being taken on the report of the committee on juvenile delinquency in the legislative program which parliament has been asked to consider.

The report of the committee on juvenile delinquency is one of the most urgent problems confronting this nation. The Bank Act, which we are to deal with at some time in this session, is inconsequential when compared with the value that our younger people have in this society, and with the manner in which we treat them, and the things we do in disregard of their legitimate interests in this nation. The current bill before us, the transportation bill, vital through it is, is inconsequential when balanced against the needs of the younger people, and the need of this parliament to do something worth while with respect to young people who come in conflict with the law.

There is a crucial time in a person's life, the formative years, when society can help that individual. At that time society can help a younger person to overcome difficulties. That is the time when young people need help, because their paths either will lead to crime and successive years in penitentiaries, or down what we call the straight and narrow—in other words, into the main stream of social action. If we miss that crucial moment, all the successive attempts at rehabilitation come to naught. The statistics on recidivism in our penitentiaries, the efforts which, with little effect, we make toward rehabilitation, the attempts we make at penological reform, whether in connection with the construction of institutions or practices within those institutions, show that there can be relatively little beneficial effect once a person becomes confirmed in his attitude toward society and toward the law.

That is why I say that, important as the transport bill may be to some, important as the Bank Act is, these are matters of no consequence when balanced against the value we should place on our young people, and the assistance we ought to give them at that crucial moment in their lives when they may overcome whatever psychological barriers or difficulties are confronting them.

This is why we have waited impatiently to hear what the government plans to do constructively with the extensive report of the committee on juvenile delinquency. I do not expect this bill will receive a fate different from that of other bills which have come up during this hour. In fact I feel it might be desirable if it were not given second reading, because the problem is much broader than this particular aspect of it. I hope however that at least we may be able to have a full round of comment about the general situation confronting our younger people, and their relationship with the law, as well as the application of law enforcement and penological methods. I hope the Solicitor General may say something with respect to the study taking place within his department about this important committee report.

Mr. David MacDonald (Prince): Mr. Speaker, I have waited for some weeks to speak in the house during private members hour on this item of legislation. We should be thankful to the hon. member for Skeena for putting it on the order paper and for drawing this particular aspect of the problem of penology to our attention.

While I would support his bill heartily, let me say at the outset, as the hon. member said a few moments ago, that we are looking at just one aspect of a large problem. We are trying to straighten out what has become an increasingly bad social anomaly. If there is any area today in our country which has been kept very much in the dark and allowed to proceed at a slow rate of progress, in terms of our understanding of man, it is the area of what we do with social or criminal offenders.

Juvenile Delinquents Act

• (5:20 p.m.)

I feel strongly, as does the hon. member for Skeena (Mr. Howard) that by and large we have ignored all the new concepts which have come within our grasp during the last half century; we have made virtually no use of our new understanding of the best ways in which to deal with those who offend against our laws. Of course, I realize that we are dealing this evening with young people under the age of 16 who—though most people in Canada would find it hard to believe—are at this moment in prison side by side with some of the most hardened criminals who operate in this country. And this is done in the name of justice, or in the naïve hope that we may be able to return to society young men who have somehow been chastened and reformed as a result of their experience. If there are those in this country today who are wondering where criminals are trained, developed and further motivated, they will find the major source not on the street corners or in the poolrooms, or in the shady lounges, but in institutions operated by federal and provincial governments —jails, prisons and penitentiaries.

I can speak about this from personal experience, for it was my duty during my student days in theology to work as a prison chaplain, to meet and talk with men in prison and watch some of them in their progress toward a full-time life of crime. I think a lot of nonsense has been written and produced on television screens to illustrate the ways in which people embark on a criminal way of life. From time to time we are told in lurid detail about people who come from good homes and who, because of some quirk, or unexplained desire, commit some act of crime. However interesting this may be, it is not a realistic picture.

At least 90 per cent of those who opt for a criminal way of life usually come from homes which are not very well organized, homes which are not strongly held together and which afford little support for an individual. In the beginning, very often, the crime is nothing more than a foolish act which led to a sentence of, perhaps, 30 days. It is during the serving of this first sentence that a life of crime is seriously contemplated.

I am sure that if one entered the great majority of county and provincial prisons this evening he would find young fellows barely old enough to shave, sitting on wooden benches talking to men of 45 and 50, men who have "been around," who know what the score is, who have discovered the short cuts and who have become habituated to a life of crime punctuated by frequent sporadic terms of imprisonment. This is the situation which prevails not only in provincial prisons but in federal penitentiaries. Not only do we persist in causing relatively innocent offenders to associate with hardened three-time, six-time and ten-time losers, but we place them in an environment where it is almost impossible for them to avoid learning from their associates what further crimes might be perpetrated upon release. When we talk blandly about putting people behind bars to protect the rest of society, it is shocking to think that three out of every four of those who are presently behind bars will commit some further offence after their release, and be locked up once again.

I ask: What in God's name is the use of a system which affords almost no degree of protection for those who are free in society or to those who are now in prison and will at some point be released? We do all this in the name of justice. We have the extremely naïve belief that through an arrangement of this kind men will be reformed, though it has been shown again and again in our era that hostility produces hostility, and that punishment produces reaction and violence. What do we gain by teaching young people in their teens that if they commit some anti-social act expressing their hostility to society, society will turn on the heat by exposing them to hostility exerted by social pressure?

This is why I say that in dealing with the bill sponsored by the hon. member for Skeena (Mr. Howard) it would be folly on our part to ignore the wider problem which exists—the increasing pressure on our society because our prisons, as the figures tell us, are in most cases becoming increasingly occupied, our penitentiaries swollen to overflowing.

Yet we have not dealt with the nub of the problem. The nub of the problem is as old as our civilization itself. We are supposed to believe that when a person commits a criminal act in this ocuntry, the essential thing is that he must be punished. A good deal of the feeling which prevails in our country toward those who commit crimes was expressed during this session when we were discussing whether or not to abolish capital punishment. We did not take that opportunity. Speeches were made ad nauseam to the effect that we must always be sure we punish people who perpetrate crimes in our society. For what reason? Ought we to do this because it is our intention to teach them a lesson? Well, if three out of four people who enter prison

commit further crimes after their release, we have not taught them much of a lesson in my opinion. Is it because we intend to wreak a little vengeance upon them, just as might be done in private confrontations? If we feel that way, that is fine, but we should recognize that these people are being confined not for an altruistic reason, or in order to reform them, but simply because public vengeance must be taken. If this is the limit of our understanding of the problem, then all I can say is that I am sorry indeed for our society.

It was interesting to relate this attitude to the attitude of mind of our society 100 years ago toward the mentally deranged. Hon. members may have read in books or magazines that a mentally deranged person a hundred years ago was considered to be filled with an evil spirit, and it was thought that the best thing to do was to whip him, or otherwise torment him, in order that he should come to his senses. Hon. members may recall some of the horrible things which were done to people who were incurably insane in the name of medicine, and of good health.

Is this the level of understanding we have reached today when dealing with the mentally sick? It is not. When a person has a nervous breakdown or loses touch with reality, do we punish him? No; we are anxious to secure the best medical attention at the earliest moment so that, if at all possible, he can be restored to health. With the knowledge and expertise now available to us I hope we are coming quickly to the realization that in dealing with those who offend against society it is no longer enough to punish them or lock them away in some dark corner.

• (5:30 p.m.)

We must come to the realization that those who commit crimes are sick. They are not sick in the sense one is sick when a thermometer is put in his mouth and it is found that he has a high temperature. They are not sick in the sense that you can submit them to a questionnaire, and if they answer too many questions in a strange way you know their minds are not functioning properly. They are, however, sick in terms of not being able to live in a healthy way with the rest of society. This is a new kind of sickness which we must come to understand. It is a type of sickness which may start whith a young boy of six years of age when he decides that he wants to pick things off a shelf in a store because he wants something. Or it may be the type of sickness which develops in a man 55 years of age when he decides he can alter the ledger books in some way and escape with thousands of dollars. Nonetheless, this is a sickness.

When we start to think in this enlightened way we will be able to do away with these damp, dark, infested holes that we call centres of justice and reform. We will be able to do away with these drab grey buildings which we think in some way protect society and reform the individual. I would hope that this bill would give us the opportunity to wrestle with this very deep social problem. I would hope that we would not run away from it and that we would not just tinker with it. I would hope we would use in an enlightened way the very best methods available to us today to help people who are socially sick, whether they be young or old. Then we might not have the situation in this country, as has been said again and again, where a young man who is 19 years of age is locked up for two years because he broke into a gas station, is let out again after 18 months, decides to steal a couple of cars, is locked up for another five years until he is 26 years of age, is let out again when he is 26, steals another car, and then is locked up again for nine years. This person's life at this stage has become a life of living like a common animal between four walls, and with bars on the windows.

This is not the type of life that was intended for any human being. It is not the life which was intended for you or me. I would hope that the government would take both this bill which is before us, and the thoughts I have expressed, under very serious consideration. In closing I might say I would hope that the penitentiary committee which was set up during this session, would become more active than it has been to date. Certainly very few meetings have been held since this session began, and now this session has gone on for 190 days. There does not seem to be any indication that they have taken this problem seriously.

I for one will look forward to a great deal of attention and a great deal of interest being given to this problem, because it stands as one of the greatest social problems which faces our country today.

Mr. Leonard Hopkins (Renfrew North): The social problem which is dealt with in Bill C-13 and the recommendation in respect of the repeal of subsection 2 of section 26 of the Juvenile Delinquents Act I am sure are topics which will appeal to all members of this house. All of us have a humanitarian interest in this. What shocks me greatly about this whole situation is the fact that there are many

fields in respect of which we impose laws governing youths of a certain age, but in what other fields do we have laws to protect our youth from certain aspects of our society? At the provincial level of government our laws provide for a curfew in certain cases, so that youths of a certain age must be off the street at a certain hour. We have laws which say that with some exceptions, they must attend school until they are 16 years of age. We have laws which state that youths cannot possess alcoholic beverages. They cannot purchase alcoholic beverages until they reach age 18 or age 21. They must be a certain age before they are entitled to hold a driver's licence. They must be a certain age before they can qualify for elective office. They must be a certain age before they are entitled to handle firearms.

We have not, however, placed a limit on the age at which they can be placed in a prison or other institution with adults who, as the hon. member for Prince (Mr. MacDonald) has mentioned, are hardened criminals. I should like to compliment the hon. member for Prince for bringing out many of the social problems which are involved in dealing with these people in our modern society.

I think there are five major areas which should be considered when we discuss juvenile delinquency. One is the home. I am very much inclined to agree with the hon. member for Prince in this regard. I think that in these television programs the youths who become involved in crime in the first place are portrayed as being persons who have come from good homes. I believe the greatest enemy of our youth today possibly is poverty and the slum areas which exist in our cities across Canada. Where children are brought up in homes under responsible parents, and where there is an obvious communication between the parents and their children, one does not find that these children go very far astray.

I remember one particular case which arose during my teaching career. A young boy ran away from home. The father and mother did not seem to have any particular interest in locating him because they thought it would do him a lot of good to stay out all night, so that he would get hungry and perhaps want to come back home again. This was a case where there obviously was no communication.

Then there is the church in our society. I think this is a very important aspect, so far as juvenile delinquency is concerned, because every person in our society must have a certain faith, something to lean on in time of trouble. Youths who are brought up in good homes usually are those who have attended church regularly, and they receive some excellent guidance there. At this point I should like to say that I have no respect for some of the television programs and some of the individuals who appear on television programs. Some of these people are agnostics who in our modern day society seem to think that it is important to knock religion on every possible occasion. When we knock religion and knock our traditions, we are knocking the base from under our society.

The third aspect is the school. Education is a very important factor. We must train our youth to play a useful role in society. I think our teachers could play a very important role in dealing with student problems by keeping in close contact with the home. The friends and associates, not just inside the prison walls, as was mentioned by the previous speaker, which the youth has in every-day society are very important to him. The youth can help those friends and associates, and they in turn can help him. Another important aspect is the society in which the youth lives. Advances in science and technology in the last few years have had a tremendous impact on our way of life. These advances have also had a great effect upon our humanitarian efforts.

• (5:40 p.m.)

An hon. member mentioned that some laws which existed 100 years ago, both in England and here, were laws of persecution. No one in this house has a persecution complex, I am sure, but laws change more slowly than scientific approaches and technological understanding. My point is that when we adopt legislation of the kind now before us we should make sure that facilities and institutions are available to effectively take advantage of such legislation.

Like the hon. member for Prince, I want to compliment the hon. member who placed this bill before us. It always does us good to look seriously at situations and bring them to the attention of the individuals concerned. In support of the Solicitor General who has taken a great deal of interest in this matter, despite what some people may think, it was almost five years after the parliamentary committee studied juvenile delinquency before the report was tabled in the house. One should not be surprised that a final decision has not been made by the government.

Many conflicts of interest are involved in this matter of juvenile delinquency. Many aspects are outside the constitutional authority

of the federal government. During the past few years we have observed many examples of the difficulties involved in governing a country on a federal basis. Many things must be dealt with jointly by the federal and provincial governments. Before the recommendations of the report of that committee can be implemented a great deal of consultation will be required, and I may say that considerable consultation has already taken place. Many financial problems will have to be solved, including those in relation to financial assistance to provinces.

The report is divided basically into three parts. The first part deals with the Juvenile Delinquents Act, which is a federal statute; yet the administration of juvenile courts falls within provincial jurisdiction. The second part deals with federal-provincial relations. Part III deals with a research department which can be administered by either the federal or provincial governments. This presents another problem which must be solved. Plans and arrangements must be made so that programs dealing with juvenile delinquency and related prison reform can work effectively and efficiently in practice as well as in theory.

Let me quote from the final report of the Committee on Remission Service of 1956. This particular part is referred to in the bill now before us. I quote from page 27 of this report, which states in part:

> It is an astonishing fact that under the present law in Canada, it is possible for a child under the age of sixteen to be convicted of a criminal offence in an adult court and be sentenced to a lengthy term of imprisonment in a penitentiary. This can happen in any of the many areas where the Juvenile Delinquents Act is not in force. Some provincial authorities have been authorized by the Prisons and Reformatories Act to make limited efforts to deal with this class of offender but the situation in Canada is, however, far from satisfactory.

The next paragraph indicates that in the year 1955, 14 persons under the age of 16 years were admitted to Canadian penitentiaries. Those 14 individuals are important to our society, and particularly important to other individuals of the same age group.

A very important paragraph of this report can be found at page 60, reading as follows:

> A person who is sentenced to penitentiary does not begin to earn statutory remission until he arrives at the institution. Cases frequently occur where such persons are detained in the county jail so that they will be available as witnesses, or for some other reason, who will not earn remission while so detained.

Certain recommendations appear at page 87 of the report in respect of this very important subject. I should like to quote several of these recommendations or goals to be achieved, and I will begin with (c) which refers to—

> —a concentration of effort on treatment by way of training, rather than the near imposition of punishment; this is especially so in the case of special classes of offenders, particularly youthful offenders and persistent offenders;

Recommendation (d) sets forth as another goal the—

> —specialization of institutions and specialization of methods of treatment, with a concentration of professional staff in the areas where it is most needed.

That is the very crux of this matter. We must employ sufficient number of specialists to work with these individuals so that these offenders do not continue to return to our prisons.

Another goal is set forth in (f) which calls for—

> —a planned policy of recruitment and training of professional staff.

That is a necessary supplement to (d). The final goal or feature set out in this recommendation is (g) which asks for—

> —a willingness to make full-scale experiments in all phases of the correctional system.

Let me turn to page 88 of this report and read several of the recommendations which appear there. I shall begin by reading No. 13 which states:

> In any case where a convicted person is between the ages of 16 and 21 or where a maximum term of imprisonment of two years or more may be imposed, no offender should be sentenced to any term of imprisonment without consideration, by the court, of a pre-sentence report.

• (5:50 p.m.)

Then No. 16 reads as follows:

> Appropriate legislative amendments should be made immediately to provide that no person under the age of 16 years shall be committed to penal institutions where adult prisoners are confined.

Here I should like to refer back to something I said a few moments ago, namely that we make laws to keep out teenagers out of pool rooms, we make laws to keep our teenagers out of beverage rooms and other phases of our society, but we must implement a law that does not allow our people under the age of 16 years to associate, within the bounds of prison walls, with hardened criminals. Recommendation No. 20 reads as follows:

> The federal and the provincial governments should give serious consideration, in expanding their systems of penal institutions, to the establishment, on a medium security basis, of such additional institutions as may be required.

Then No. 38:

Some means should be found to provide specialized after-care for particular types of parolees, such as sex offenders, drug addicts, alcoholics and psychopaths.

In my concluding remarks, Mr. Speaker, I should like to again pay tribute to the hon. member who brought this private bill before us and to the Solicitor General, who is in every sense a humanitarian individual, who is deeply interested in this matter and is doing a great deal of work in this regard. I know it will not be long before this problem is cured in our society. We cannot build schools to educate youth and at the same time have prisons which contain hardened criminals in which our youth are educated in a different direction from the way we want them educated in our society.

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I should like at the outset to compliment the sponsor of Bill No. C-13. I feel that his moral and social aim in this connection is very commendable. but when, in his concise fashion he aims at only section 26(2) of the Juvenile Delinquents Act, perhaps his aim is not so good, at least in my humble opinion.

During the third session of the last parliament a somewhat similar attack on the Juvenile Delinquents Act was launched by the hon. member for Skeena (Mr. Howard) in Bill No. C-89. In that bill he attacked the act with respect to eight sections, I believe.

Mr. Peters: On a point of order, Mr. Speaker, I would contend that the purpose of this bill is not an attack upon the Juvenile Delinquents Act. All it says is that the Juvenile Delinquents Act has a section in it which permits those charged under the Criminal Code to be removed from the protection of the Juvenile Delinquents Act. All this bill does is raise the age from 14 to 16 years, to give them this protection.

I doubt whether any member of parliament would deny the protection of the Juvenile Delinquents Act to a 16-year-old, rather than subjecting him to the mercy of the Criminal Code. I believe this is what we should be voting on in the next few minutes, and I do not think it should be the policy of the government to oppose this bill.

The Acting Speaker (Mr. Richard): I would remind the hon. member who raised the point of order that the question has been very general up to this time. If some hon. members insist upon the discussion being more direct, perhaps this should be done; but I do not think it is appropriate to raise that point at this time since the discussion has ranged from the beginnings of crime in youth as evidenced in the speech of the hon. member for Prince (Mr. MacDonald). However, I am sure the hon. member for Spadina (Mr. Ryan) will want to keep to the point.

Mr. Peters: On the point of order, Mr. Speaker, I did not raise it against the wideness of debate. I was suggesting that the hon. member appeared to be saying that the purpose of this amendment was to launch an attack upon the Juvenile Delinquents Act, and I think this is not in keeping with the fact.

Mr. Ryan: Mr. Speaker, I cannot understand why Bill No. C-13 does not deal with section 13 (3) of the Juvenile Delinquents Act, which is a pretty analogous section. Recently a case was argued before the Supreme Court of Canada. I believe this case was from the province of Alberta. It attacked the constitutional validity of the Juvenile Delinquents Act. I think the judgment in that case has been reserved. In that event it is probable that our Department of Justice, our Solicitor General and our Minister of Justice are somewhat embarrassed at the present time with respect to doing anything in the way of amending the Juvenile Delinquents Act.

As I understand it, in that case there was a minor, quasi-criminal offence committed—I believe it was under the Highway Traffic Act—and a charge was laid under the Juvenile Delinquents Act, a federal statute, instead of by way of summary conviction. This is what started the whole question of whether the Juvenile Delinquents Act was *ultra vires*. A great problem is posed at the present time for our ministry in this connection. The report of the Department of Justice, which has been so much referred to, was brought down in the year 1965, I believe, but was not tabled until February, 1966. I see here the library filing mark which says "February 22, 1966." I understand that report took about five years to prepare; therefore hon. members will understand that a great deal is involved in this question.

The aim of Bill No. C-13 is to ensure that no child who has committed an offence shall, upon conviction, be confined in a place of imprisonment for adults. Of course no one disagrees with that. Section 26 of the Juvenile Delinquents Act already contains a provision to this effect. It goes on to say, in subsection 2:

This section does not apply to a child who has been proceeded against under the provisions of section 9.

Bill No. C-13 would repeal subsection 2 of section 26 of the Juvenile Delinquents Act. Section 9 of that act provides that where the child is accused of an indictable offence and is apparently or actually over 14 years old, the court may order that the child be tried by indictment in the ordinary courts if the court believes—

The Acting Speaker (Mr. Richard): Order.

Mr. Peters: You have succeeded in talking it out.

The Acting Speaker (Mr. Richard): The hour provided for the consideration of private members' business has now expired.

• (6:00 p.m.)

BUSINESS OF THE HOUSE

Mr. MacLean (Queens): I wonder whether the acting house leader could inform us of the order of the business to be considered in the house next week?

Mr. Turner: Mr. Speaker, next week after the completion of the consideration of Bill C-231 we will deal with the following items: Order No. 117, an act to amend the Judges Act; order No. 79, An act to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways System; order No. 104, proposed resolution that the standing committee on privileges and elections be empowered to study the Canada Elections Act and to report to the house such proposals as the committee may deem advisable; order No. 105, proposed resolution that the report of the committee on election expenses tabled October 11 last be referred to the standing committee on privileges and elections; and order No. 83, second reading of Bill C-220, an act to make provision for appeals to an immigration appeal board in respect of certain matters relating to immigration. These items will not be necessarily taken in that order, except of course for Bill C-231, consideration of which will be continued.

It being five minutes after six o'clock the house adjourned, without question put, pursuant to standing order.

HOUSE OF COMMONS

Monday, January 23, 1967

The house met at 2.30 p.m.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

RETURNING OFFICER, SHERBROOKE CONSTITUENCY

Question No. 2,021—**Mr. Allard:**

1. Referring to the answer to question No. 1,935, who is or are the person or persons or the association or associations from Sherbrooke or elsewhere who made representations for the appointment of Mr. Denis Proteau as returning officer for the electoral district of Sherbrooke?

2. What are the necessary qualifications which were considered for the appointment of Mr. Denis Proteau?

Mr. Albert Béchard (Parliamentary Secretary to Secretary of State): 1. No records are being kept of any representations made.

2. The usual qualifications required by the law.

CULTURAL AND INFORMATION AGREEMENTS WITH NATO COUNTRIES

Question No. 2,253—**Mr. Irvine:**

1. With which NATO member countries has Canada reached bilateral cultural and information agreements and which fields do these agreements cover?

2. Where there are no such agreements or limited agreements only, what is Canada's policy in the following fields (a) exchanges of cultural programs (theatres, films, television exhibitions) (b) exchanges of students—number planned—exchange procedure (c) exchanges of teachers and research workers—number planned—exchange procedure (fellowship) (d) equivalence of diplomas—system used and future plans (e) exchange of young workers—numbers—procedure used (f) exchanges through leisure activities—holiday camps—travel?

Hon. Paul Martin (Secretary of State for External Affairs): In so far as the Department of External Affairs is concerned: 1. The only country with which Canada has signed a general cultural agreement is France. This agreement which was signed on November 17, 1965, covers the fields of academic, scientific, technical and cultural exchanges. In 1963 Canada and France signed an agreement on the co-production of films.

The government's policy, now that a general cultural agreement has been signed with France, is to develop cultural programs and explore the possibilities of entering into similar cultural agreements with a number of other countries, many of which are members of NATO, particularly those from which substantial groups in the population of Canada have come. However, because of the cultural heritage English speaking Canada shares with Britain and the U.S.A., our cultural relations with these countries are characterized by informality and it has not been felt necessary to have them formalized through agreements.

2. Where no agreement exists, the initiative is left entirely to public and private organizations of a cultural or educational character such as the Canadian Broadcasting Corporation, the National Film Board, the Canada Council, the Association of Universities and Colleges of Canada, etc.

CANADIAN CULTURAL ACTIVITIES UNDER NATO

Question No. 2,254—**Mr. Irvine:**

What part is being played by Canada in the cultural field, with regard to member countries of NATO, by private cultural associations (a) of a general nature (b) of a more specifically Atlantic nature?

Hon. Paul Martin (Secretary of State for External Affairs): Numerous Canadians of European origin, many of whom have come from countries which are members of NATO, seek to maintain cultural links with their European home country. There are consequently an enormous number of private cultural associations in Canada which have as their main purpose the pursuit of cultural relations and exchanges with countries of Europe including NATO countries. In addition there are Canadian associations with a wide range of interests and activities which have international connections. Because of the similarities of Canadian background and traditions with the countries of western Europe and the United States, by far the greater part of the international connections of these associations are with the countries of the Atlantic area.

The activities of the very large number of associations involved are their own concern. Since they are not subject to governmental supervision, reports on their activities are not made to the government.

Questions

NATO RECOMMENDATIONS RESPECTING CULTURE

Question No. 2,255—**Mr. Irvine:**

Were recommendations concerning NATO and culture, issued in 1964, transmitted to Canada and, if so, what response was given by Canadian authorities to these recommendations?

Hon. Paul Martin (Secretary of State for External Affairs): In so far as the Department of External Affairs is concerned: The recommendations concerning NATO and culture which, it is assumed are those adopted by the NATO parliamentarians' conference of 1964, were transmitted to the Canadian government. Such recommendations do not call for an official response. However, it should be noted that the proposals made by the conference correspond, by and large, to the government's policy in this field.

CULTURAL AGREEMENTS WITH UNCOMMITTED COUNTRIES

Question No. 2,256—**Mr. Irvine:**

1. With which uncommitted countries has Canada established cultural agreements, bilateral and/or multilateral?

2. What are the general subjects of these agreements with regard to (a) technical aid for education (b) number of experts lent (c) establishments built or run (d) expenditure (e) field of application (primary, university, technical) (f) cultural exchanges (theatre groups, exhibitions) (g) students from uncommitted countries received in Canada—number—breakdown by subject studied (h) teachers and research workers from uncommitted countries received in Canada (i) young workers invited as trainees (j) young people received through spare time activities, holiday camps, sports meetings?

3. What are the activities, in this field, of private associations (a) of a general nature (b) of a more specifically Atlantic nature?

Hon. Paul Martin (Secretary of State for External Affairs): In so far as the Department of External Affairs is concerned: The information relating to this question is contained in my answers to question Nos. 2,253 and 2,254.

CANADIAN FINANCIAL INSTITUTIONS OPERATING IN U.S.

Question No. 2,269—**Mr. Reid:**

1. To the knowledge of the government, what Canadian financial institutions have operations in the United States and for what length of time have they operated in the United States?

2. What types of operation do these Canadian financial institutions carry on in the United States and how do they differ from their operations in Canada?

[Mr. Martin (Essex East).]

3. What are the United States federal and state regulations governing the operation of foreign financial institutions in the United States?

Hon. Mitchell Sharp (Minister of Finance): 1. Canadian banks and insurance companies which, to the knowledge of the inspector general of banks and the superintendent of insurance, have operations in the United States, are listed in table I, attached.

2. See table II, attached.

3. Foreign banks operating in the United States do so under the state banking laws and regulations of the states in which they operate.

The activities of foreign insurance companies in the United States are regulated by the insurance laws of each state in which the company operates. The regulations are essentially similar to those in Canada. Companies are required to file annual statements, to maintain assets in the United States, to cover their United States liabilities, and are subject to examination by state supervisory officials.

Table I

Five Canadian banks have banking offices and/or representatives located in the United States. These are:

Bank	Approximate year commenced operations in United States
Bank of Montreal	These banks, or earlier banks which have merged with them at some stage, have been operating in the United States for many years, in some cases for more than 100 years.
Bank of Nova Scotia	
Toronto-Dominion Bank	
Canadian Imperial Bank of Commerce	
Royal Bank of Canada	

The following Canadian registered insurance companies transacted fire and casualty insurance in the United States during 1965:

Company	Approximate year commenced operations in United States
British America Assurance Co.	1874
British Northwestern Insurance Co.	1954
Canada Health and Accident Assurance Corporation	1961

The Canadian Indemnity Company	1930
Canadian Reinsurance Company	1959
Consolidated Fire and Casualty Insurance Company	1960
Co-operative Fire and Casualty Co.	1960
Elite Insurance Company	1955
Federal Fire Insurance Co. of Canada	1960
Fidelity Insurance Company of Canada	1957
The Globe Indemnity Company of Canada	1928
Gore Mutual Insurance Company	1937
The Great Eastern Insurance Company	1953
The Guarantee Co. of North America	1881
The Hudson Bay Insurance Company	1937
The London and Lancashire Guarantee and Accident Company of Canada	1963
Merit Insurance Company	1964
The Pacific Coast Fire Insurance Co.	1926
Quebec Assurance Company	1965
Security National Insurance Company	1960
Victoria Insurance Company of Canada	1965
Wellington Fire Insurance Company	1960
The Western Assurance Company	1874

The following Canadian registered insurance companies transacted life insurance and personal accident and sickness insurance in the United States during 1965:

Company	Approximate year commenced operation in United States
Alliance Mutual Life Insurance Co.	1919
The Canada Life Assurance Company	1926
Canadian Reassurance Co. (A & S only)	1961
Confederation Life Association	1926
Crown Life Insurance Company	1924
The Dominion Life Assurance Company	1930
The Excelsior Life Insurance Company (A & S only)	1964
The Great-West Life Assurance Co.	1906
The Imperial Life Assurance Co. of Canada	1926
The Manufacturers Life Insurance Co.	1903
The National Life Assurance Co. of Canada	1924
North American Life Assurance Company	1900
The Northern Life Assurance Co. of Canada	1936
Sun Life Assurance Company of Canada	1895
The Western Life Assurance Company	1959

Table II

Operations of Canadian banks in the United States are carried out through the following channels: 1. "Subsidiaries" which are incorporated under state banking laws, can accept deposits and engage in trust activities. They must in general conform to the same requirements as other banks in the same state. 2. "Branches" which are licensed under state banking laws, can accept deposits and must maintain a surplus of assets over liabilities. 3. "Agencies" which primarily handle financial transactions arising out of trade between Canada and the U.S. and make money market loans and investments in the U.S. for the parent bank. They also engage in foreign exchange business. In general they are not permitted to accept deposits or to exercise trust powers. They are not required to maintain cash reserves. 4. "Representatives" who are persons located in the U.S. who are not authorized to enter into actual banking transactions, but who facilitate banking transactions through correspondent banks and who develop and protect the parent banks' interests.

In Canada the banks do not carry out trust functions but engage in a wider range of banking activities than in their U.S. operations.

The insurance companies listed in table I transact the business of insurance, although a number of the companies accept reinsurance of United States business only and do not maintain offices in that country. There is no basic difference from their operations in Canada.

STAFF OF BOARD OF BROADCAST GOVERNORS

Question No. 2,280—**Mr. Reid:**

1. What is the size of the staff complement of the Board of Broadcast Governors as of December 6, 1966?

2. How are members of the staff appointed?

3. What is the basis of their salary scale?

4. How many of the B.B.G. staff are engaged in research in (a) radio (b) television programming (c) television technical research (d) educational television (ETV) (e) community antenna television systems (CATV)?

5. How many of the B.B.G. staff are engaged in regulating private and public radio stations and private and public television stations?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Board of Broadcast Governors as follows: 1. Including the three permanent members of the board, the authorized staff effective December 6, 1966, is 44.

2. By the Civil Service Commission.

3. The grade of each position is set by the bureau of classification revision of the Civil Service Commission. The salary range of each grade is set by the Treasury Board.

4. Within the current establishment of the board, each member of the staff becomes involved from time to time in some aspect of each activity of the board.

5. 44.

USE OF GOVERNMENT FACILITIES BY BROADCAST GOVERNORS

Question No. 2,285—**Mr. Reid:**

1. Does the Board of Broadcast Governors use the functions and/or facilities of the federal government or any provincial government to any purpose and, if so, what are these purposes and what are the functions performed and/or facilities provided by the federal government or any provincial government?

2. Does the Board of Broadcast Governors use the functions and/or facilities of universities or foundations for any purposes and what are the functions performed and/or facilities provided by these institutions?

3. Does the Board of Broadcast Governors commission special studies relating to its duties as set out by parliament to private individuals or to private organizations and, if so, how many of such studies have been commissioned since the board was established, and what subjects have these studies investigated?

[Mr. Sharp.]

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Board of Broadcast Governors as follows: 1. The Department of Transport has the responsibility for the technical operation and technical standards of broadcasting stations. The technical adviser of the board is in constant touch with the transport department on technical matters. The board uses the services of the Civil Service Commission and of the Treasury Board; and has used the data processing services of the Department of National Revenue.

2. No.

3. Yes, seven studies are now in process. These are studies in connection with E.T.V., study of library and documentation services, study of the market areas in which one television service only is being offered regarding costs of introducing and maintaining two services and of the advertising revenue which might be available; study on the possible use of computers as a management—information service for the board; to review and analyse the financial operating results of the privately owned Canadian television stations and C.T.V. network: Study on multiple ownership; study of monitoring processes.

DEDUCTION FROM WAGE ARREARS BY RAILWAY COMPANIES

Question No. 2,293—**Mr. Allard:**

Are the railway companies withholding 15 per cent of the 18 per cent raise for arrears, plus deductions for the government and company pension plans and, if so, is this 15 per cent deduction justified under the Income Tax Act as it relates to individuals?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): The railway companies are withholding 15 per cent of the dollar amount of the 18 per cent retroactive pay increase in addition to deductions for the government and company pension plans. This is justified and in accordance with the relevant income tax acts and regulations.

MOTOR CAR PRICE DIFFERENTIAL BETWEEN CANADA AND U.S.

Question No. 2,314—**Mr. Dinsdale:**

1. Has the government taken or is it taking any act to remove the price differential, reported to be as much as $3,000 on the more expensive models, between similar cars sold in the U.S.A. and in Canada and, if so, what action?

2. Are cars manufactured in Canada sold at a lower price in the U.S.A. than they are in Canada

and, if so (a) for what reason (b) who benefits from the extra cost of the ones sold in Canada?

3. Are cars manufactured in the U.S.A. sold at a lower price in the U.S.A. than they are in Canada and, if so (a) for what reason (b) who benefits from the extra cost of the ones sold in Canada?

Hon. C. M. Drury (Minister of Industry): 1. Traditionally there has been a sizeable price differential between similar cars sold in the United States and in Canada. This situation arose because of the fact that the market for motor vehicles is much larger in the United States than in Canada. Consequently, vehicle manufacturers in the United States were able to realize the economies of large scale production and specialization. On the other hand, because of the limited size of the Canadian market, it was not possible to specialize and costs and prices reflected the disadvantages of shorter production runs in Canada.

The government has taken positive steps to substantially reduce the differential in prices between Canada and the United States. One of the central features of the Canada-United States automotive agreement has been the elimination of the tariff barriers which prevented Canadian companies from gaining access to wider markets. Consequently, Canadian companies are now able to rationalize production and achieve significant increases in growth and efficiency. Although differentials in prices still exist, progress achieved under the automotive program has already resulted in a very significant reduction of these differentials.

In 1965, prices of volume models of motor vehicles made in Canada were reduced and the average level of the price differential was diminished from 8 per cent to less than 5 per cent. In 1966, the differentials were again reduced. As the economies of volume production are more fully realized, it is anticipated that the forces of competition will bring about a further diminution of the remaining price differentials.

2. If the Canadian companies wish to export their vehicles to the United States, they must sell at a competitive price in that market, otherwise they would have to forego the extensive exports which have been made possible by the automotive program. The loss of these exports would, in turn, reverse the rationalization which has taken place in Canada and could result in an increase in costs and prices in this country. The terms and conditions of sales of Canadian made vehicles in other countries are, of course, private commercial transactions between sellers and buyers. Prices in these markets, which may vary considerably depending on local market conditions, are determined by competitive forces in the particular area.

Although costs and prices have been substantially reduced in Canada, it has not yet been possible to realize the full cost benefits of increased production and rationalization. It is doubtful that anyone benefits from the remaining higher costs of production in Canada.

3. International price comparisons, to be meaningful and valid, have to be based on an examination of actual sales under identical or very similar conditions. In the case of automobiles sold in Canada and the United States it is exceedingly difficult to find such closely comparable actual transactions. There are a number of factors which influence and determine the levels of prices and which have differential effects in the two countries. One of the most obvious is the rate of exchange between the currencies of the two countries. Other factors include variations in transportation costs between the factory and the retailers, the levels of sales tax, which vary from state to state and province to province, dealer margins differ from agency to agency and the range of options normally differs from car to car. Even a single dealer's price for the same model may differ according to the circumstances of a specific sale. It is possible to say, however, that prices of practically all motor vehicles sold in Canada, whether of domestic manufacture or imported, are now much closer to the price levels prevailing in the United States.

EXPO '67—VISITS BY LOW INCOME AND HANDICAPPED PEOPLE

Question No. 2,379—**Mr. Basford:**

1. Are provisions being made to permit people with low incomes, or those having large families, to visit Expo '67?

2. What plans is Expo making to permit handicapped people to visit the exhibition?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): 1. Expo Express, which is an electric train capable of carrying up to 30,000 passengers an hour, is free and visitors can travel on this train as long and as often as they wish.

Entrance to all pavilions, including all theme exhibits, is free. This also includes national pavilions and those sponsored by private participants. There is no charge to see

the various displays. The Canadian Corporation for the 1967 World Exhibition is sponsoring free entertainment in the band shells and plazas which are located at strategic points in the various sectors. There are six Expo service areas where food and drink can be purchased at controlled and reasonable rates. There are also three large parks with tables and benches where visitors can have picnics and bring their own food and drinks.

2. Provision has been made for a special transportation system for persons in wheel chairs to be used in place of the free of charge Expo Express. The majority of the pavilions and restaurants are equipped with ramps and will thus be easily accessible to wheel chairs. Where possible, Expo '67 projects have adhered to the national building code for the handicapped which provides exterior ramps, interior ramps or elevators, rest room facilities and so forth. A list of accessible areas will be issued in the official guide book. Wheel chairs may be rented in several locations.

Sponsorship is presently being requested for a Braille map of the site to familiarize blind visitors to their surroundings before and during their visit.

PERSONAL INCOME TAX, 1965

Question No. 2,386—**Mr. Mather:**

What, in 1965, was the total in dollars of personal income tax?

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Tax collection figures are maintained on a fiscal year basis. For the fiscal year April 1, 1965, to March 31, 1966, inclusive, the total personal income tax revenue, net of refunds, was $3,166,638,662. This amount includes federal income tax of $2,142,510,735, old age security tax of $494,900,000 and provincial income tax of $529,227,927.

DEFENCE EXPENDITURES, 1965

Question No. 2,387—**Mr. Mather:**

What, in 1965, was the total in dollars of defence expenditures?

Hon. Léo Cadieux (Associate Minister of National Defence): Defence expenditures for the fiscal year 1965-66 amounted to $1,548,446,784.

[Mr. Cantin.]

C.N.R. SALARIES TO MANAGEMENT AND TECHNICAL STAFF

Question No. 2,391—**Mr. Godin:**

In 1965, what salaries were paid by the Canadian National Railways to (a) the 4,764 members of the management and supervising staff (b) the 3,003 professional and technical assistants?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: The total figures which are derived from those contained in "Part VI (Employment Statistics) of Railway Transport" published annually by the Dominion Bureau of Statistics are as follows: (a) $37,973,939; (b) $21,177,518.

REIMBURSEMENT OF EXPENSES OF C.N.R. EMPLOYEES

Question No. 2,392—**Mr. Godin:**

1. Has the Canadian National Railways ceased to record expenses for which its employees seek reimbursement?

2. If so (a) in what year (b) is it the company's intention to re-establish a records section for this purpose?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): The management of Canadian National Railways advises as follows: 1. and 2. No. See also answer to question No. 1,887 in *Hansard* of October 5, 1966, page 8,334.

CONSTRUCTION CONTRACT, PENAL INSTITUTION SPRINGHILL, N.S.

Question No. 2,394—**Mr. Coates:**

1. What was the original amount of the contract awarded to the Foundation Company for the construction of the young offender's penal institution at Springhill, Nova Scotia?

2. Was a clause included in the contract to the Foundation Company as to a completion date and, if so, what was the completion date stipulated?

3. What has been the total amount paid to the Foundation Company to date and if this is in excess of the original amount, for what purpose were the additional monies paid?

4. Has the problem associated with the supplying of water to the institution been solved and, if so, what agreement has been reached and with whom for the supplying of water to the institution?

5. Who constructed the fence around the institution, what was the original cost of constructing this fence, how much damage was done to the fence by the recent storm, who has assumed responsibility for repairing the damage, and what is the cost of repairing the damage?

Hon. G. J. McIlraith (Minister of Public Works): 1. $8,890,800.

2. Yes, May 9, 1966.

3. $8,825,438.67.

4. No.

5. Foundation Maritime Limited at a cost of $99,000. An investigation is under way to ascertain the extent of damage, responsibility and cost of repairs.

SHARED COST HIGHWAY PROJECTS, NOVA SCOTIA

Question No. 2,395—**Mr. Jamieson:**

1. How many shared-cost highway projects were active in Nova Scotia in 1966 under (a) the trans-Canada highway agreement (b) the Atlantic Development Board agreement No. 1 (c) the Atlantic Development Board agreement No. 2?

2. What is the total value of these projects?

3. What is the estimated value of the work done in 1966 under (a) the trans-Canada highway agreement (b) the Atlantic development agreement No. 1 (c) the Atlantic development agreement No. 2?

4. What is the estimated total of Canada's share of the cost of the work done in 1966 under each of these agreements?

Hon. Judy V. LaMarsh (Secretary of State): I am informed by the Departments of Public Works and Transport as follows: 1. (a) 64, (b) 11, (c) 14.

2. Trans-Canada highway, $33,823,103, Atlantic Development Board agreement No. 1, $5,842,650, Atlantic Development Board agreement No. 2, $9,513,088.

3. (a) $18,812,500. (b) $2,365,037. (c) $4,506,089.

4. Trans-Canada highway, $16,931,250, Atlantic Development Board agreement No. 1, $1,182,518, Atlantic Development Board agreement No. 2, $2,253,045.

POPULATION OF YELLOWKNIFE, N. W. T.

Question No. 2,404—**Mr. Laprise:**

What is the present population of Yellowknife?

[*Translation*]

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): The preliminary count of the 1966 census of Canada shows a population of 3,674 for the town of Yellowknife.

[*English*]

GANDER AIRPORT—CONTRACT OF COMMERCIAL CATERERS

Question No. 2,408—**Mr. MacEwan:**

1. Do Commercial Caterers Ltd. pay to the government or any agency thereof any part of their employees' rent in houses at the Gander Airport, and, if so, what amount of the monthly rent?

Questions

2. What is the time period contained in the present contract of Commercial Caterers Ltd. with the Department of Transport at Gander Airport?

3. Is this contract on a cost plus basis?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Transport): 1. Yes. Employees of Commercial Caterers pay rent to C.M.H.C. calculated on a percentage of their salary as follows: 20 per cent of the first $3,000 of annual salary, and 30 per cent of annual salary in excess of $3,000. When the rent so calculated is not sufficient to cover the economic rent of the unit occupied Commercial Caterers pays the difference. The average monthly rental subsidy per employee paid by Commercial Caterers is $33.14.

2. Five years, May 12, 1964 to May 11, 1969.

3. No. Commercial Caterers is paid a management fee. The company pays all expenses and turns over to the department each month all revenue in excess of expenses.

RELATIONS BETWEEN FEDERAL AND QUEBEC EMPLOYMENT SERVICES

Question No. 2,409—**Mr. Godin:**

Will the Canadian Manpower Centre offices have official relations with the Quebec provincial employment offices?

[*Translation*]

Mr. J. C. Munro (Parliamentary Secretary to Minister of Manpower and Immigration): The Department of Manpower and Immigration and the Canada Manpower Centres maintain working relations with several departments and agencies of the provincial governments. In Quebec, these working relations are with the Department of Education, the Department of Family and Social Welfare, the Department of Labour, the Eastern Quebec Planning Bureau, and other agencies.

Similar relations are also maintained with the Quebec Provincial Employment Offices as the need arises.

[*English*]

DISTRIBUTION OF NEW ZEALAND BUTTER

Question No. 2,411—**Mr. Godin:**

By what Canadian companies will the butter now being imported from New Zealand be distributed, and what was the purchase price of that product?

Hon. J. J. Greene (Minister of Agriculture): The butter will be distributed by the Canadian Dairy Commission to firms in need of supplies at the same price as Canadian butter. It is not considered to be in the interest of the commercial operations of the Canadian Dairy Commission to disclose the price at which this butter was purchased.

Questions

PURCHASE AND DISTRIBUTION OF NEW ZEALAND BUTTER

Question No. 2,416—**Mr. Howe (Wellington-Huron):**

1. Did the newly established Dairy Commission purchase the 2,240,000 lbs. of butter from New Zealand directly or through an agent and, if through an agent, who was the agent and was he acting on his own behalf or for a Canadian company?

2. Will this butter be brought into Canada duty free and, if not, what is the duty?

3. Will this butter be labelled to indicate that it is imported from New Zealand?

4. Will this butter be sold to the consumer at the same price as Canadian butter?

5. Was this action taken because of the decrease in butter production?

6. Will the government consult with the cream producers before announcing the dairy policy for 1967, in order that this segment of the dairy industry will receive returns equal to all other dairy farmers?

Hon. J. J. Greene (Minister of Agriculture): 1. The butter is being purchased by the Canadian Dairy Commission directly from the New Zealand dairy board.

2. The duty is five cents per pound.

3. The containers in which the butter is imported will carry a New Zealand designation. There is no requirement for it to be so labelled in print form.

4. It will be sold to Canadian wholesalers at the same price as that at which Canadian butter is sold by the agricultural stabilization board.

5. The action was taken to supplement the limited stocks available for sale by the stabilization board to ensure adequate supplies and prevent an escalation of butter prices in the latter part of the winter.

6. Representations with respect to dairy policy are welcomed from any segment of the dairy industry. Cream producers now receive identically the same federal subsidy payment per pound of butterfat as is paid to manufacturing milk shippers.

REPRESENTATIONS RESPECTING BOARD OF COMMISSIONERS, OROMOCTO, N.B.

Question No. 2,429—**Mr. MacRae:**

1. Were representations made by any member of the government of the province of New Brunswick to the federal government in the months of May or September, or any other time in the year 1966, relative to elected representation on the board of commissioners of the town of Oromocto?

2. If so, who made such representations?

3. If representations were made, what answer was given by the government?

[Mr. Greene.]

Hon. Léo Cadieux (Associate Minister of National Defence): 1. Yes.

2. Hon. William Duffie.

3. The matter is under study.

ENCOURAGEMENT TO CANADIANS TO HOLIDAY IN CANADA

Question No. 2,459—**Mr. Laniel:**

Does the Canadian government travel bureau encourage Canadians to vacation in their own country and, if so, how?

[*Translation*]

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): Increased attention is being given to interprovincial travel promotion to encourage Canadians to see more of their own country. This campaign, called "Know Canada Better", is being actively supported by the travel bureau, the provinces and the transportation companies. In particular, federal matching grants totalling $250,000 for provincial advertising expenditures in Canada, which were provided by the travel bureau in 1966-67, are having a decided impact in stimulating travel by Canadians in Canada. During 1967, it is expected that this travel will be unusually large.

[*English*]

QUESTION PASSED AS ORDER FOR RETURN

PROCEDURES AT PRISON FOR WOMEN, KINGSTON

Question No. 2,118—**Mr. Orlikow:**

1. What is the reception procedure for inmates at the prison for women in Kingston?

2. Where do they go after reception and how is this determined?

3. (a) On what basis do inmates go to the new building and (b) are new inmates, particularly first offenders, kept apart from inmates who have a long record?

4. How are behaviour problems met?

5. (a) When is solitary confinement used and (b) in the past three years, how many of the inmates have been given solidtary confinement, and of those given solitary confinement, how many have been on solitary confinement once, twice, three times, more than three times?

6. How long can inmates be held in solitary confinement?

7. Is there a limit on the number of days in a month or a year that an inmate can be held in solitary confinement?

8. What are the physical facilities in solitary?

9. Under what circumstances is the mattress removed?

10. In how many cases have mattresses been removed from the cells of inmates in solitary confinement, and what are the facilities for sleeping when the mattresses are removed?

11. What is the menu in solitary confinement?

12. Under what circumstances is the menu changed in solitary confinement?

13. What provision is made for supervision of those in solitary confinement?

14. Are the senior department officials and prison staff familiar with studies of psychological effects of solitary confinement?

15. Are any provisions made to help persons in solitary confinement to avoid any harmful psychological effects of complete isolation, as is done at Ontario provincial institutions for women, where special efforts are made to maintain close contact with inmates during their short stay in solitary confinement, and, if so, what are they?

16. What treatment facilities are available for inmates who are (a) ill physically (b) ill mentally?

17. (a) Under what conditions are handcuffs used on inmates and (b) in each of the past three years, on how many occasions were handcuffs used on inmates, and in how many cases were handcuffs used on more than one occasion on any inmate?

18. What kind of clothing does an inmate wear for trips outside of the building while still serving sentence i.e., to court, to see a child?

Return tabled.

EXTERNAL AFFAIRS

REPLY TO U.S. PROTEST RESPECTING MERCANTILE BANK—SALE OF DRUGS FOR NORTH VIET NAM

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, would the Prime Minister say whether a reply has been made by the government of Canada to the administration in Washington in connection with the Mercantile Bank? At the same time will he advise whether in that communication or in another a protest is being made by the Canadian government to the United States administration against the tightening of rules in respect of the purchase of drugs, whereby Canadian subsidiary corporations engaged in the drug business have been specifically directed that they must not make any sales of drugs which will find their ultimate home in North Viet Nam?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, as far as the first question is concerned, it is expected that the reply in question will be considered and dealt with by the cabinet tomorrow, and I hope it will be delivered to the United States government later in the day or on Wednesday morning.

In reply to the second question, the Minister of Trade and Commerce made a statement on this matter on Friday morning, and in the light of the fact made public by the minister at that time in which he emphasized that Canadian companies, whether subsidiary or otherwise, obey only Canadian laws, and as there is no deposition in Washington to quarrel with that statement, I do not think the circumstances require a protest on the part of this government.

Mr. Diefenbaker: Mr. Speaker, would the Prime Minister say whether in the two notes received from the United States in connection with the Mercantile Bank matter there was implicit a threat that the proposed acion by the government or parliament of Canada to limit operations of the Mercantile Bank would place the administration of the United States in a position where restrictive or restraining legislation might be introduced in the congress of the United States by way of reprisal?

Mr. Pearson: Mr. Speaker, of course I cannot state to the house what is in the United States note, especially since no reply has been sent to that note as yet, although I hope it will be tomorrow. The publication of the note and the reply would depend on agreement between the two governments. Of course I cannot give any assurance on what the congress of the United States may or may not do in respect of any legislation introduced into that assembly, but I can assure the house that there is nothing in the position we have taken which would warrant any action of the kind suggested as possible by my right hon. friend. Our attitude in that regard is well known by the government of the United States.

Mr. Diefenbaker: Mr. Speaker, I have just one more question. Has the Prime Minister's attention been drawn to a very lengthy article in today's *Gazette* under the byline of Arch MacKenzie in which it is stated in effect that there is a danger that congress will take this action by way of reprisal?

Mr. Pearson: I have seen that article and I do not propose to comment on it, because we feel there is no situation which would require any action of that kind by the United States congress or the United States government, and we can only hope and expect that no such action will be taken.

VIET NAM—REQUESTS FOR AID TO WAR VICTIMS

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): In the absence of the Secretary of State for

Inquiries of the Ministry

External Affairs, I would like to direct a question to the Prime Minister. Before doing so, may I wonder out loud if the Prime Minister and the cabinet saw the report of the remarks of Mr. Robert Mackenzie to the effect that our question period is much better than that of the British House of Commons.

My question is this. On January 9 I asked the Secretary of State for External Affairs whether the Canadian government had received from the Canadian Quakers a request for aid in the shipment of medical supplies to both North and South Viet Nam. I ask now whether that request has been received and what reply has been made.

Right Hon. L. B. Pearson(Prime Minister): So far as the first part of the question is concerned, professor Mackenzie lives in London and does not have the privilege of attending this house. I do not know if that might alter his opinion.

The Secretary of State for External Affairs may have received a letter on this point. I will look into it right away.

REQUEST FOR INCREASED AID TO DEVELOPING COUNTRIES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in the absence of the Secretary of State for External Affairs may I direct a question to the Prime Minister. In view of the well deserved tributes being paid these days to the memory of the late Nik Cavell, I wonder if the government would not agree that this would be a good time to make a substantial increase in Canadian contributions to developing countries.

Mr. Speaker: Order. The question is not one that can be asked now. It should be placed on the order paper.

Mr. Knowles: Then may I try to phrase it in a different way Mr. Speaker? Can the Prime Minister say whether any statement will be made to the house during this session as to any increase in aid to developing countries planned by the government?

Right Hon. L. B. Pearson (Prime Minister): Perhaps Mr. Speaker, you will permit me to say that I do not believe anyone in the house is in a better position to appreciate the distinguished service of Nik Cavell to his country and to developing countries through external aid than I am. I lament, with other members, his loss.

[Mr. Prittie.]

So far as the second part of the question is concerned, the government increased our external aid very considerably this year. We aim to reach a total of 1 per cent of the national income within a short period of time.

[*Later:*]

Mr. Knowles: Mr. Speaker, may I ask the Prime Minister a question supplementary to one I asked earlier this afternoon. Could he arrange for the tabling in the house, either by himself or by the Secretary of State for External Affairs, of a document showing the contributions that add up to the 1 per cent of our national income which the Prime Minister says we will be making by way of external aid this year, or very shortly?

Mr. Pearson: Mr. Speaker, I think the detailed figures of our contributions to external aid during the current year have been made available to the house. If there is anything to be added to what has already been said in the house I shall be glad to put it on the record.

POSSIBLE FORMATION OF FRENCH SPEAKING PARLIAMENTARY ASSOCIATION

On the orders of the day:

Mr. David MacDonald (Prince): My question is also directed to the Prime Minister and relates to the proposed visit to Africa by the Prime Minister's parliamentary secretary, the hon. member for Mount Royal. I ask the Prime Minister when he expects a parliamentary association will be established for the French language nations, and what nations would comprise it?

Mr. Speaker: Order. I doubt if the question is of an urgent nature, and I suggest the hon. member cannot ask it at this time.

[*Later:*]

Mr. MacDonald (Prince): Mr. Speaker, I should like to restate my question and hope it will be acceptable. I ask the Prime Minister simply if his parliamentary assistant is in Africa attempting to form a parliamentary association of French speaking nations.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, my parliamentary assistant is visiting a number of capitals in French speaking Africa including Dakar and Tunis, where resident Canadian embassies were opened during 1966. This visit will serve to mark Canadian interest in the further development of bilateral relations with French speaking Africa and will, it is hoped, provide opportunities for informal discussions with

African leaders regarding the various proposals put forth in recent months for increased contacts amongst the Francophone countries. My parliamentary assistant will, of course, wish to examine on the spot the progress being achieved in the development of the Canadian aid program in these countries.

Mr. MacDonald (Prince): A supplementary question, Mr. Speaker. In view of the Prime Minister's answer can he also tell us whether it is planned for the provinces to participate in the fashion that they participate in the Commonwealth Parliamentary Association?

Mr. Speaker: Order, please. I do not think this question is acceptable.

FINANCE

MEETING IN BRITAIN OF FINANCE MINISTERS RESPECTING INTEREST RATES

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I wish to address my question to the Minister of Finance. It is twofold in nature. Now that the so-called high powered five nation monetary meeting in Britain has concluded with the recommendation that interest rates on international borrowing should be lowered, could the minister state his own policy regarding the decision of this meeting?

Second, in view of the fact that the group of ten, along with the officials of the world monetary conference, begin their sessions tomorrow, can the minister inform the house what will be the policy of Canada at this meeting?

Hon. Mitchell Sharp (Minister of Finance): In reply to the first question asked by the hon. member, Mr. Speaker, Canada has welcomed —and I have said this quite specifically—the recent relaxation of credit stringency that has prevailed throughout the world. I think it would be very much in the interests of the world as a whole, including Canada, if interest rates were to be lowered. This is one of the aims of Canadian policy.

In so far as the second question is concerned, our delegates to the group of ten deputies, which include my deputy and the deputy of the governor of the Bank of Canada, I understand will be concerned mainly with questions of international liquidity. Our position in that respect is as I have publicly stated it in this house and otherwise.

Inquiries of the Ministry

CANADIAN BROADCASTING CORPORATION

REQUEST THAT CHAMPIONSHIP SKI PICTURES BE SHOWN IN INTERIOR B.C.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Secretary of State of Canada based on an urgent telegram from the mayor of Trail, British Columbia, supported by the mayors of all other cities in the interior of British Columbia. In view of the fact that the national ski team including Miss Nancy Greene will be taking part in the du-Maurier championship events being held at Mount Garibaldi on January 28, 29 and 30, and in view of the fact that pictures of this event will be shown to all British Columbia residents in the coastal area after the eleven o'clock news on these days but not in the interior of British Columbia, will the minister bring this matter to the attention of the appropriate officials of the C.B.C. so that arrangements can be made for this very interesting program to be shown on all interior British Columbia T.V. stations?

Hon. Judy V. LaMarsh (Secretary of State): Yes, Mr. Speaker.

APPEARANCE OF MR. VON THADDEN ON PROGRAM "SUNDAY"

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to ask the Secretary of State whether the fact that so important and influential a minister as the Minister of National Health and Welfare appeared on the program "Sunday", at the time when Mr. von Thadden also appeared, is any indication of the approval by cabinet of this gentleman's appearance on C.B.C.

Second, was the question of von Thadden being allowed to appear or not appear considered by the C.B.C. board, and did Maxwell Cohen, a distinguished member of that board, approve of von Thadden's appearance?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, my colleague in health and welfare did not ask me for permission, and neither did the C.B.C., to air what I thought was a very entertaining section of the program last night, if my views are important. Nor, I might say, did anyone ask my permission with respect to broadcasting the rest of the program. I do not know whether the matter was considered by the board of the C.B.C., but I shall be happy to direct an inquiry to the management in this regard.

Inquiries of the Ministry

Mr. Stanley Knowles (Winnipeg North Centre): May I ask a supplementary question, Mr. Speaker. Is the Secretary of State in a position to indicate what was the response of the C.B.C. to the suggestion of the hon. member for Burnaby-Coquitlam that she said a week ago today she would pass on, namely that other spokesmen from Germany might also be aired by the C.B.C. so that we might have a balanced picture of the political scene in that country?

Miss LaMarsh: Mr. Speaker, that request was conveyed by sending a copy of the daily *Hansard* to the C.B.C. management. There was no formal response, and I have not had any discussions with the management since then.

HOUSE OF COMMONS

INQUIRY AS TO USE OF ELECTRONIC VOTING MACHINE

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I have a question for the Minister of Public Works in his capacity as house leader. It is prompted by recent reports of the public statement of his colleague the Minister of National Health and Welfare in connection with voting procedures in this chamber and the desire to bring us all into the twentieth century. In this connection will the house leader advise whether serious consideration is being given to the installation of that twentieth century device, the electronic voting machine?

Mr. Speaker: Order. I do not think the question is extremely urgent or requires an urgent answer. I suggest that the hon. member might wish to put the matter on the order paper or perhaps discuss it later in the day, if he so wishes.

Mr. Macquarrie: Ten o'clock, sir.

CANADIAN CENTENNIAL

PROTESTS RESPECTING B.C. SCHEDULE FOR CENTENNIAL TRAIN

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Prime Minister. May I ask him whether he has received telegrams from the Kitimat-Terrace and district labour council and the Kitimat building trades council protesting the schedule of the centennial train through their part of the country. If so, what action did he take with respect to those telegrams?

[Miss LaMarsh.]

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, I did receive the telegram in question just before lunch. I have made inquiries and I find that the centennial train itinerary in each province was worked out by the centennial commission jointly with the provinces concerned after extensive consultation with both railway companies. In each case the itinerary has received the full approval of the province concerned.

I am also informed that a number of factors had to be taken into account, such as accessibility to as great a population as possible, availability of spur lines on which to park the train, time to be spent in the province, the visit of a caravan to follow in the area, and other considerations. I can only express my own regret that the train is not able to visit all communities in Canada, including that from which the telegram has come, Kitimat, British Columbia.

PORTAGE LA PRAIRIE—AVAILABILITY OF CENTENNIAL TRAIN TO SCHOOL CHILDREN

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): Mr. Speaker, my question is directed to the Secretary of State, and I ask this in connection with the schedule of the centennial train. It is understandable, of course, that in some communities the train will have to be stationed for week ends only. At Portage la Prairie where the train is to spend a Saturday, Sunday and Monday, the community has been told that it will not be available for display on the Monday, and no organized school tours therefore will be possible. Will the Secretary of State please inquire to make certain that the train will have the best possible exposure in our community.

Mr. Speaker: Order. I wonder if it is the wish of the house to have questions asked about the progress of the centennial train across Canada. I suggest to hon. members that they might make representations directly to the minister; or if they feel that the question is particularly urgent though normally it would be ruled out of order at this time, it could be discussed perhaps at ten o'clock.

Mr. Enns: A supplementary question, Mr. Speaker. I accept your ruling readily on the general question, but I have another question which I believe is of wide concern. Must the train be serviced or maintained during school hours, so that children are prevented from touring through it?

Hon. Judy V. LaMarsh (Secretary of State): I was not aware that it would be closed any day. I thought it would be open seven days a week. I shall be glad to look into the matter and advise the house.

[*Translation*]

PUBLIC SERVICE

MINES AND ENERGY DEPARTMENT—PROPORTION OF FRENCH SPEAKING EMPLOYEES

On the orders of the day:

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, may I correct the interpretation of my answer to question No. 2,358 put by the hon. member for Chapleau (Mr. Laprise), who asked:

What is the present number of (a) English speaking (b) French speaking (c) bilingual, civil servants in each division of the Department of Energy, Mines and Resources?

My answer must be construed as follows:

There are 2,841 civil servants who say they speak English only; five, French only; and 672, bilingual. It must not be surmised that there are only five French speaking Canadians in my department.

[*English*]

TRANSPORT

SECOND FERRY BETWEEN NOVA SCOTIA AND NEW ENGLAND

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I have a question for the Minister of Transport. Since it is obvious now that the existing ferry *Bluenose* is unable to handle all traffic between Yarmouth and Bar Harbor, has the minister any information to give the house regarding progress in establishing a second ferry between Gloucester and Nova Scotia?

Hon. J. W. Pickersgill (Minister of Transport): I have the same information that I am sure the hon. gentleman has. I have also read the Halifax *Chronicle-Herald.*

Mr. Crouse: A supplementary question, Mr. Speaker. I thank the minister for implying that I have as much information about his department as he should have. In view of the importance of this problem to the tourist industry of Nova Scotia and to the Atlantic provinces generally, I ask the minister to study this situation and give the house and members for the Atlantic provinces a report as soon as possible.

Mr. Pickersgill: I understand that the initiative in this matter is coming entirely from the United States. A colleague in the house this morning asked me if I would see a delegation at an early date. I have agreed to do so. After I have seen this delegation I might be more communicative than I can be at this moment.

HIGHWAY SAFETY

REQUEST FOR INFORMATION ON SNOW TIRE STUDS

On the orders of the day:

Mr. Arnold Peters (Timiskaming): May I ask the Minister of Industry a question. Can he now reply to the question asked by the hon. member for New Westminster on Friday regarding the report of a national research organization on the safety effects of steel studs in snow tires?

Hon. C. M. Drury (Minister of Industry): At the behest of and for the Department of National Defence an analysis was made of the effectiveness of steel studs in snow tires. I should be glad to see that a report on the matter is made available to all those who are interested.

BILL OF RIGHTS

RESUMPTION OF PRINTING OF ENGLISH VERSION

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the Secretary of State. In the absence of the hon. lady some time ago, I asked the Prime Minister, considering the continuing heavy demand for copies of the Canadian Bill of Rights, whether he would look into the matter of having it reprinted to meet the demand. He suggested at that time that he would take up the matter with the Secretary of State. Perhaps we might be told what conclusion has been reached.

Hon. Judy V. LaMarsh (Secretary of State): Some time last summer, I think it was, the supply of copies of the English version of the bill of rights ran out. I was informed of this some weeks afterward. We have been looking at the situation; it would seem to me that the demand should be checked. There was not a very heavy demand for it in the latter part of 1966, but we anticipate that 1967 will stimulate a greater demand. Instructions were therefore given that the document should be reprinted. I have not yet seen a copy; it is not yet off the press, though it should be very shortly.

Inquiries of the Ministry

FINANCE

PROPOSED REDUCTION OF U.S. INVESTMENT IN CANADA

On the orders of the day:

Mr. Ed. Schreyer (Springfield): I have a question for the Minister of Finance. I would ask the minister whether he is aware of the estimate made by the United States Department of Finance which would seem to indicate a reduction in the year 1967 in the order of $100 million in United States investment in Canada? Is he also aware of less official estimates which predict a reduction of $400 million or $500 million in United States investment in Canada and a corresponding increase in investment in Europe? If the minister is aware of this, does he consider that any extraordinary action on his part is warranted?

Hon. Mitchell Sharp (Minister of Finance): I have seen those estimates. I cannot confirm that the information offered is accurate, but I see no reason arising out of those estimates for the Canadian government to change its present policies.

CANADA LABOUR CODE

INQUIRY AS TO DEFERMENT APPLICATION BY C.B.C.

On the orders of the day:

Mr. Frank Howard (Skeena): May I direct a question to the Secretary of State. A week ago Thursday, I believe, I raised a question of privilege in relation to correspondence between the Candian Broadcasting Corporation and other people having to do with the application of the Canada Labour (Standards) Code. I would inquire whether some comment might be forthcoming in reply to that question of privilege.

Hon. Judy V. LaMarsh (Secretary of State): I am sorry, but the matter was not brought to my attention. I will look into it right away.

[*Translation*]

SPORTS

REFUSAL OF HOCKEY ASSOCIATION TO SEND TEAMS TO EUROPE

On the orders of the day:

Mr. Georges Valade (Sainte-Marie): Mr. Speaker, I should like to direct a question to the Prime Minister about the refusal by the Canadian Amateur Hockey Association to recognize two Expo '67 Pee-Wee hockey teams and to authorize them to make a European tour during 1967.

In view of the fact that both the Prime Minister and the Minister of Trade and Commerce (Mr. Winters) have appealed to this sports organization, is the Prime Minister in a position to tell us whether the reply he expects shortly and which he will communicate to the house will be favourable and if not, whether legislative action is contemplated to enable these hockey teams to undertake this European tour?

[*English*]

Right Hon. L. B. Pearson (Prime Minister): All I can say is that the strong feelings of certain members of this house, both on the government side and on the other side, with regard to this matter have been passed on by the minister and myself to the Canadian Amateur Hockey Association. However, I do not know what official position they will take. I hope this is something which can be done without government intervention.

Mr. Valade: This morning's Montreal *Matin* said the hockey association had refused to consider the demand of the Prime Minister. In these circumstances would the Prime Minister consider legislation to make this organization more democratic than it is right now?

Mr. Speaker: The hon. member for Winnipeg North.

Mr. Valade: On a point of order, Mr. Speaker, I do not think my question is in any way contrary to the rules, and I believe the Prime Minister was ready to give this information in connection with what I believe to be an important matter.

HOCKEY—REQUEST FOR INVESTIGATION INTO CONTROL OF PLAYERS

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Arising out of the question asked by my hon. friend with regard to hockey teams, I would ask the Prime Minister whether complaints have been received from the Quebec Aces regarding the present draft system whereby N.H.L. clubs get first choice of Canadian players, and complaining also that Canadian clubs spend millions of dollars training and encouraging boys who are later picked up by American teams.

The request is that there should be a full and complete investigation into the manner of recruiting and control of hockey players, to

the end that no monopoly in the United States may have any direction or power over the recruitment of Canadians into Canadian teams. I ask the Prime Minister whether he will look into this and give consideration to an investigation into a matter which is believed by some to be a gross exercise of monopolistic privilege.

Right Hon. L. B. Pearson (Prime Minister): It is my recollection that some consideration was given to this matter a few months ago when the National Hockey League was expanded to take in certain United States cities. At that time the monopolistic aspect of professional hockey was, I believe, examined. But I will be glad to look into this in so far as the government has any authority in the matter, in the light of the right hon. gentleman's question.

INDIAN AFFAIRS

SUBMISSION RESPECTING HUNTING AND FISHING RIGHTS

On the orders of the day:

Mr. David Orlikow (Winnipeg North): My question is directed to the Minister of Indian Affairs and Northern Development. The day after he met the Ontario Union of Indians I asked him in the house whether his department was checking a statement made at that meeting to the effect that the United States government did not prosecute Indians who hunted on their own reserves. The minister indicated he would look into this question and answer later. I wonder whether he has done so.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): I apologize to the hon. member for not having answered earlier, but I have been out of town. We have now checked with the United States authorities, and we find that the rules with respect to taking migratory game as applied to people on Indian reserves are identical with those which exist in Canada. It is illegal to do so.

UNITED NATIONS

STATEMENT ON RATIFICATION OF INTERNATIONAL COVENANTS

On the orders of the day:

Right Hon. L. B. Pearson (Prime Minister): May I take this opportunity to reply to a question asked by the right hon. Leader of the Opposition on Friday last regarding the ratification of the international covenants on human rights. The three covenants which were adopted at the last session of the general assembly were (1) an international covenant on economic, social and cultural rights; (2) an international covenant on civil and political rights; and (3) an optional protocol to the latter covenant concerning the right of petition by individuals for the redress of alleged violations of the rights described in the civil and political covenant.

Basically these covenants are designed to give effect, by means of the binding obligations of international treaties, to the principles embodied in the universal declaration of human rights which was adopted by the general assembly in 1948. They represent a major piece of work by the United Nations and have been under consideration for 14 years.

Their adoption last year by the assembly represented, I believe, a significant step forward by the international community in the field of human rights. Canada voted for the adoption of all three instruments, and over the years during which they have been under consideration we have been privileged to make some constructive contributions to the drafting of those instruments.

A substantial number of the provisions of the covenants fall within provincial jurisdiction, so we are consulting the governments of the provinces in order to obtain their views. This is, I think, an essential step with regard to the implementation of these provisions. In addition we have set up an interdepartmental committee to review the covenants as finally approved last December from the federal point of view to the end of ensuring signature and ratification by Canada at the earliest possible date. However, before the covenants can be submitted to the House of Commons I believe we should consult with the provinces with respect to those provisions which concern the provinces from the standpoint of implementation, and await the report of the interdepartmental committee.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): If I may be allowed to say so, in view of the lengthy statement made by the Prime Minister, I agree with him that these agreements are of far reaching significance and that they represent a distinct step forward in the preservation of fundamental freedoms in all parts of the world.

However, in view of the important decision I think in 1936, when the Privy Council decided that while these undertakings have treaty obligations they do not in any way cause a

signatory nation, such as Canada, to be bound in respect of those things that are within provincial jurisdiction, I ask the Prime Minister whether, in view of the great importance of the two treaty arrangements and the third protocol arrangement, he would convene a dominion-provincial conference on this question so the provinces, realizing the importance of these treaty obligations, would be prepared, in so far as the treaties themselves are concerned, to accept them as necessary and material to peace in the world?

Mr. Pearson: Mr. Speaker, I think the right hon. gentleman's suggestion might be a very useful one indeed, but I suggest that before a conference is called we could perhaps deal with this matter at the next federal-provincial conference of heads of governments. The provinces then would have a chance to examine the conventions and give us their views in writing, with more consideration than at this time. We have taken that initial step, and I hope that before long we can take the step suggested by the right hon. gentleman.

Mr. Andrew Brewin (Greenwood): As a supplementary question I would ask the Prime Minister whether he would discuss with the provincial governments, and also refer to the interdepartmental committee, the question of whether some of these basic freedoms to which he has referred might be appropriately incorporated into the fundamental law of Canada, which is the constitution of Canada.

Mr. Pearson: That is another question, Mr. Speaker, and it will have to be considered when we have reached the point when we are considering the present constitution, its amendment and revision. Undoubtedly one of the matters to be reviewed at that time will be the role of the federal government in the whole field of external affairs. I would not like to consider that matter in relation to these particular conventions at this time. I would hope it could wait until we get to the general subject of constitutional amendment and revision, and we hope that will not be too long.

NATIONAL PARKS

USE OF EXPROPRIATION TO HALT COURT CASES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, in view of the Prime Minister's statement on human rights and civil rights I would like to direct a question to the Minister

[Mr. Diefenbaker.]

of Indian Affairs and Northern Development, which he can take as notice, with reference to parks. Would he investigate whether his department is now using the law of expropriation to halt cases brought to test his policy on leases? I put this question because it has to do with civil rights and the ownership of property. Is his department now using the law of expropriation to halt cases brought to test his policy on leases in national parks? The particular case I have in mind is the case of Mr. Gourlay.

Mr. Speaker: Order, please. The hon. member may wish to place this question on the order paper. I do not see how the hon. member can require an answer urgently.

Mr. Woolliams: With the greatest respect, Mr. Speaker, the security of tenure of land is at stake. By the time I get an answer to a question on the order paper this man's civil rights, putting it mildly, will be sabotaged by the minister and his department. However, if that is your suggestion I would like to debate the question at ten o'clock.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Minister of Justice and ask whether his prospects of being promoted, shall we say, from his present cabinet post, have caused him to lose some interest in matters coming under his jurisdiction, and is that the reason he has not answered several letters of mine?

Hon. Lucien Cardin (Minister of Justice): Mr. Speaker, I can assure the hon. member that I have not lost interest in the Department of Justice or in my work in this house. As to the letters he has referred to, I shall look into them and see that he gets an answer as soon as possible.

CANADA ASSISTANCE PLAN

INQUIRY AS TO IMPLEMENTATION BY PROVINCES

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, in the absence of the Minister of National Health and Welfare may I put this question on record. Have any provinces concluded agreements with the federal government to implement the Canada Assistance Plan, which has been on the statute books for about eight months now?

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Friday, January 20, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof, and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: Order. Clauses 1, 16 as amended, 22 to 28 inclusive, 50, 58, 59 and 74, together with the schedule, have yet to be disposed of by the committee. When the committee rose on Friday last clause 58 was under discussion.

On clause 58.

Mr. Forrestall: Mr. Chairman, when we rose on Friday afternoon we had spent only 10 or 15 minutes on what, within the next two or three hours, will be a last ditch stand made on behalf of the ports of Halifax and Saint John. I am glad to see that the Minister of Finance is in the chamber, because it is money that we will be talking about.

First of all I should like to deal in depth with the amendment moved by the minister on Friday providing for protection or certain clauses that have been long standing on Canadian statutes, going back to 1903, 1911 and 1914. On behalf of those directly associated with the ports of Halifax and Saint John I want to tell the minister that his amendment is not adequate.

Earlier the minister chided me by saying that I spoke from ignorance on matters of transportation. I am prepared to accept that I do. I have never pretended to be an expert on transportation. Anything I say this afternoon will not be born of malice, and if it arises from ignorance I only hope the minister will be kind enough to overlook my very junior position. Despite the assurances the minister gave us two or three weeks ago that the amendment he would move would be adequate, now that we have read it we can see that it is not at all adequate.

• (3:20 p.m.)

I intend to propose a substitute amendment to that of the minister which will have to be dealt with at the proper time and place. The minister's amendment to clauses 58 and 59 states in part:

Nothing in this act except section 334—

We agree with that first part, but we are then hauled up short because of the exception in respect of section 334. Without going into detail let me be brutally honest with the minister by telling him that the reaction in Halifax has been expressed in the form of the question "When do we quit?" The amendment continues:

—shall be construed to affect any obligation imposed upon any railway company subject to the jurisdiction of parliament by any other act or any agreement made pursuant thereto requiring the company

(a) to maintain rates on export traffic—

There is no mention of import traffic. The amendment continues:

—moving through any Canadian seaport located in the "select territory"—

Again I suggest to the minister that the select territory provision does not go far enough so far as those who are most directly involved in Halifax are concerned. The amendment continues:

—as defined by sections 2, 7 and 12 of the Maritime Freight Rates Act at a specified level, or at a level specified in relation to other rates; or

(b) to route export traffic through Canadian seaports.

The minister will have to explain the relationship between (a) and (b) before we will know whether they should be included in our proposed amendment.

There are four areas in which this amendment appears to fall seriously short of our intent. First it fails to mention import traffic but deals only with export traffic. We are not unmindful of the fact that perhaps Canadian dollars and cents are going to foreign countries in subsidization of traffic which—

Mr. Pickersgill: Perhaps the hon. member would permit a question?

Mr. Forrestall: Yes.

Mr. Pickersgill: The purpose of this amendment, as the hon. gentleman properly pointed out, is to maintain the law which now exists and to make sure that it is not touched in any way except in that one respect. I will have a word to say about that later. Does the hon. member know of any statute at all that applies to import traffic? I do not know of any statute that does so.

Mr. Forrestall: The minister is absolutely right. What I am saying is that some concern exists because it does not. Perhaps there is good reason for this not covering import traffic, but I simply ask why it does not, and I

hope the minister will provide that answer in a few minutes.

There is an exception in section 334 in relation to export traffic. All it provides is that as long as the rates are compensatory, traffic going to United States ports will be the same as to Saint John and Halifax. That is based on the general position which existed when the statutes were placed on the books in the first 15 or 20 years of this century, or some 45 to 50 years ago. That general proposition may have been valid at that time but it is no longer valid today. The minister knows that in order for the rates to be economically feasible the C.N.R. will have to lower its rates, particularly if it is to adhere to the principle of the bill that is before us. We will refer to that situation at some length.

The third shortcoming of this amendment is its lack of reference to North Atlantic-United States ports. The closest it comes to any reference of that kind is in (b) which states:

(b) to route export traffic through Canadian seaports.

Perhaps that was the intent of the old act, but the most charitable thing that can be said about it is that it is not clear what areas are to be protected or how they are to be protected. As the minister agrees, all we are protecting are the old sections of the act. They are being put in proper context.

Perhaps it would be wise at this point to review them briefly. There are three, the first dating from 1903 and the second from 1911. They can be found in the minutes of proceedings and evidence of the transport and communications committee, at page 2537 in volume No. 37.

These three sections appear in the brief presented by the maritimes transportation commission. The first refers to the agreement with the Grand Trunk Pacific Railway company in 1903, which provided that—

—the through rate on export traffic from the point of origin to the point of destination, shall at no time be greater via Canadian ports than via United States ports.

This was renewed in 1911 by section 13, chapter 6 which refers to the Canadian Northern Ontario Railway Company. This particular section provided that:

—the through rate on export traffic from the point of origin to the point of destination shall at no time be greater via Canadian ports than via United States ports.

Again we find that chapter 20, acts of 1914, re the Canadian Northern Railway System provided that:

[Mr. Forrestall.]

—the through rate on export traffic from the point of origin to the point of destination shall not be greater via Canadian ports than it would be via United States ports; ... and that the Canadian Northern and the several constituent and subsidiary companies shall not in any manner within its power or control directly or indirectly advise or encourage the transportation of any such freight by routes other than those above provided.

These statutes were valid 50 years ago and, indeed, their concept is not only valid today but absolutely essential to the survival of the ports of Saint John and Halifax. We suggest that by just going that far the job which must be done will not be done.

We intend to deal with the fourth shortcoming of this amendment at some length this afternoon. It is, of course, the fact that there is a restriction as to "select ports" as defined in sections 2, 7 and 12 of the Maritime Freight Rates Act. As the minister well knows, the select area is simply that area which encompasses the two meaningful ports in the maritimes, Halifax and Saint John.

We have all observed the erosion and whittling away of the effects of t he Maritime Freight Rates Act on traffic into and out of those two ports. Halifax no longer enjoys parity with Saint John. It is about time we stopped this game in the maritimes, as someone put it not long ago, of an indigent taking from an indigent to form a greater needy area. What we are doing is taking away from each other, and there is nothing to protect us in this regard. The economy of our area and the ports of Halifax and Saint John depend almost entirely on transportation. The minister does not need to be told this. In no small way this is the basis of the principle upon which we will propose an amendment.

• (3:30 p.m.)

We have heard the arguments about the effect on our secondary manufacturing industry of the national transportation system. We have been told over and over and over again for 150 years how absolutely necessary it has been and is to have an adequate transportation system. In the old days it used to be water; now it is our rail system. On the basis of our rail system, what secondary manufacturing industry we enjoy has survived and grown economically.

The whole basis of this bill seems to be cutting away from that principle. If we are to survive at all economically, if we are to foster and encourage the development of secondary industry, our national transportation system must continue to be a viable instrument of not only national but regional development. It

must not die; it must remain. As a matter of fact, it must be something very precious, close and dear to us, particularly during the next 10 or 15 years.

The underlying assumption, I suppose, to set the background in this respect, is that the interests of Canada as a whole demand that there remain in the maritime provinces a substantial number of people who are able and capable of putting their talents and brains to work in the development of secondary industry. If we lose sight of this principle and assumption, and indeed we seem to be heading toward that position now with this new piece of legislation, the federal authority will have to find something else to embrace and make use of to assist the economy of this area.

It has been said recently by meaningful and very responsible people in the maritime area that we have on the one hand the federal authority, through the Atlantic Development Board, pouring millions and millions of dollars into the development of the Atlantic economy, the study of methods of development, the encouragement through certain services of industrial parks and so on, the area incentive program under which God only knows how much money is being spent in the maritimes, and then we depart from that principle in respect of the one thing that is absolutely necessary—as a matter of fact, it is the only thing that is absolutely necessary—to the orderly and economic development of secondary manufacturing. I refer to rail transportation. We come along with this measure and cut the ground out from under that orderly and economic development.

It is not enough to stand here today and make these remarks without suggesting improvements in this area. We now understand that the special study has been completed and should be in the minister's hands very soon, much sooner than we anticipated. Perhaps the minister could shed more light on that subject. We thought this study would be handed down some time next month and placed before us. The study might clarify many of the doubts in our minds. However, I expect we will wait considerably longer before receiving it. I say again that it is not enough for us to accept what might be in eight, ten months' or a year's time a very profitable position for us to adopt. I believe these principles have to be built in and safeguarded in the bill itself. They should be built in in terms of positive and very clear statements.

In case the minister has not bothered to look at the shipping tonnages recently, it is rather interesting to note the figures for Halifax, Saint John, Montreal, and Quebec. They show what has happened to foreign traffic coming into Canada in the last ten years. I will not go through all the statistics but just refer to seven or eight years. I take first the 1957-58 shipping season. I am taking the total of the eight winter months for those two years. I have included December because it is a part month, as is March, but essentially the months are January, February, March and December. In the 1957-58 season Halifax and Saint John enjoyed 1,627,000 tons of shipping. In that same four-month period covering December, January, February and March, Montreal and Quebec enjoyed 309,000 tons, every last ounce of which was handled in the first ten days of December and the last ten days of March.

I should now like to quote the figures for the 1961, 1963 and 1964 shipping seasons, the same eight months. They are for general tonnage and do not include petroleum, wheat or anything like that. They refer to general cargo, which is the only type of cargo meaningful to our economy, in terms of dollar impact. The ports of Halifax and Saint John handled 1,437,000 tons of cargo. That figure is down 200,000 tons. What do we see in regard to Montreal and Quebec? We see a rise from 309,000 tons to over 518,000 tons. In 1965-66, taking those eight months, Halifax and Saint John dropped off to 1,377,000 tons while Montreal and Quebec went up to 648,000 tons. The minister knows the 1966 figures. I think there has been more traffic in and out of the port of Montreal in the last six weeks than has been in and out of both the ports of Halifax and Saint John in the last two years. There is no work on our waterfront.

But look at the position of Montreal and Quebec. Go back 100 years. At that time there was no traffic in and out of the ports of Montreal and Quebec, absolutely none. But in 1966, in the period I have quoted, 233 foreign-going ships cleared the port of Montreal. And these figures are already two weeks old. How many have been in and out since then? I cite these figures because they show so dramatically what has happened. Traffic is not coming to the port of Halifax; it is going to the ports of Montreal and Quebec.

There is good reason for this and it is an understandable one. Perhaps because of my very junior and ignorant position in the house I have never been in a position where I could

criticize the minister or the government about winter navigation on the St. Lawrence river. However, I do not believe criticism is necessarily the proper attitude. Indeed, I could go much further and ask the minister to give us a few dollars so that we may convert the port of Halifax to deep water shipping. There is need right now for positive planning in this regard. It has been done in connection with the Delaware estuary running into Maryland, where it was found that for a piddling $200 million ships could be moved into that area. The government does not necessarily have to assign an icebreaker to the port of Halifax. If they wanted to they could put a crew in there with picks and shovels to keep the slush out. They could make it a free port up to the lakehead if they wished. But we should get something in return, and quickly. I do not want to go into these other points in any detail, but I draw these matters to the attention of the minister for his consideration.

• (3:40 p.m.)

The amendment I have before me is not typed but I have many amendments in front of me which I propose to move one at a time. I will start with the least line of resistance. A little later I will move an amendment along these general lines. It reads as follows:

> Notwithstanding anything contained in this or any other act, rail rates (to and from shipside) on export and import traffic to or from eastern ports, as defined in section 329A of this act, from or to the points of origin or destination shall at no time be greater via any such Canadian port than via any other such Canadian port or via United States north Atlantic ports.

We do not intend to move this amendment lightly. The minister grins. I should like to ask him whether in commenting on the amendment he could suggest what else can be done in order to save the ports of Halifax and Saint John. Unless the government expends money to re-equip these ports, and particularly to equip the port of Halifax for the advent of the deep-water mammoth ships about which people, are talking these days, unless the minister has something he can suggest and is prepared to do immediately, then some action in the nature of the amendment which I read will have to be seriously considered.

No less an authority than Mr. Mingo, who for a long time has been chairman of the port of Halifax commission and who does not pretend to be an expert on rail rates, port parity or port structures—and since he does not share my particular political pursuasion I can quote him as being an objective authority—has said that unless something is done now the end is in sight for the ports of Halifax and Saint John. The minister was good enough to stand this section, and we took his amendment home to Halifax to let the people there see it because they are the ones who are concerned. The opinion which was voiced there was that the amendment did not do anything. If that is all we are going to get we might as well give up. Indeed, I think the minister probably heard Mr. Mingo's opinion when he was in Halifax on the annual ports day.

Mr. Mingo in his address to that august gathering of shipping people from Halifax and Saint John suggested that indeed it is perhaps time that the minister and the government gave consideration to the establishment of a board, either within the present context of the new transportation commission or outside it. He did not elaborate on the suggestion but he made it quite plain that unless a board composed of people living in the area who have dealt with rail and water transportation over the years is established, all we will be doing is treading water. I suggest that treading water in any field is tantamount to becoming stagnant and in fact going backwards. The minister is very much aware of these points.

The other things that come immediately to mind are so obvious that they do not need repeating at this time so I will not go into them in any depth. The minister is aware of the fact that the unemployment situation in the maritimes is very serious at present. The figures which were published on January 15 showed that the national average is 4.5 or 4.6 per cent while the figure for the maritimes is 10.7 per cent. One does not have to spell out the effects resulting from the loss of winter traffic, the loss to longshoremen, ship brokers and stevedoring companies and the loss to the port of Halifax in fees and costs. One does not have to point out the urgency of correcting this situation before it hits rock bottom. I suggest that we are close to rock bottom and the only way to avoid reaching it is to move meaningfully in the direction of an adequate port parity structure which would involve not only the ports of Halifax and Saint John but also the United States north Atlantic ports and all the ports up to and including Montreal.

We realize that this will cost the government a lot of money and we are not making suggestions without being aware of the effects they might have. Somehow or other we have to create an atmosphere in which we can keep people in the maritimes, in which we can keep their intelligence and their brains at home. We

must keep our labour pools fluid and accessible to new industry which might want to come in. The only way in which we can do so is through transportation. It surprises me, now that we are discussing port parity, to see so few people here from the maritimes. Perhaps they are not interested. Perhaps the minister has made sure that they are not too far away and possibly during the course of the afternoon they may come in and contribute in a small way toward making the minister a little more pliant than he appears to be. We would welcome any comments he might have.

Mr. Olson: Mr. Chairman, may I be permitted to raise a point of order which may contribute to the orderly consideration of the balance of the amendments that are before us, particularly amendments to clause 50. Does the minister propose to move any more amendments to the clauses that have been stood, and particularly to clause 50 with regard to repairing the damage which was done to the definition of grain and ports under section 329, so that we may know what amendments, if any, he intends to move? I think this would assist the committee in dealing with these clauses as we come to them.

• (3:50 p.m.)

Mr. Pickersgill: I do not believe, sir, it would be proper for me to interrupt the discussion now to do more than say that I did indicate an amendment I would like to make to clause 16. A similar amendment would be required to clause 1. The other day I indicated that my disposition would be to go ahead with that, and that with respect to the definition of grain rates and other related matters I hope to be in a position when we have disposed of this matter now before us to move an amendment to clause 74 which I think would deal with the problem.

Mr. Bell (Saint John-Albert): I should like to support the hon. member for Halifax. I have a few thoughts I want to put on the record which will bring the matter up to date so far as I am concerned. I could speak at length but I feel that a quick review will give the minister an idea of how serious I at least think this matter is. Perhaps after he has replied we can then decide whether it is going to be necessary to indulge in a serious and lengthy debate on this subject.

First of all, I want to compliment the hon. member for Halifax upon the work he has done on this clause. I think it is commendable that a newer member has taken this interest and has made himself quite knowledgeable on the subject. I believe he has devised an amendment that expresses the feeling of everyone in Saint John and Halifax, if not in the whole of both of those provinces. I know that this week end the hon. member for Halifax made the arduous journey to Halifax in order to secure first hand information. I hope the minister realizes that anything the previous speaker put forward was from the horse's mouth, so to speak, in so far as this matter is concerned.

The history of this subject is quite well known and it goes back to confederation. I am not going to bore the committee with quotations from all the speeches that were made at the time guarantees were given to New Brunswick and Nova Scotia concerning ports and other matters when they joined confederation. We were located away off on the edge of the Atlantic ocean, far from the source of activities in the main hinterland. Over a period of time from about the turn of the century a port parity structure was built up by which the eastern ports were guaranteed that export and import rates would be maintained at parity with rates to United States ports. This fact is acknowledged in many of the statutes, but I realize it is not possible to find a specific reference to it in the Railway Act.

A moment ago the minister asked the hon. member to give the reference to port parity in the Railway Act. The minister asked if the hon. member had any further knowledge of these guarantees. I suggest that the onus is on the minister in this regard. He is the one who is introducing this bill which is taking something from the ports which they enjoyed at a bad time in their history and which we understood was a solemn confederation promise. These guarantees are in some of the statutes of Canada, but I will not put them on the record now.

The Maritime Transportation Commission presented a brief on Bill No. C-231 to the standing committee. The commission was worried about the new cost oriented scheme of rate structure. I know the minister does not like that phrase but this is what we are faced with, a cost oriented scheme. Perhaps it is based on a recommendation of the MacPherson commission, but the scheme takes away the old equalization rates. We know this is going to be detrimental to us and will put the maritime ports at a disadvantage in relation to other ports.

If one can give an example of how easily one can be fooled, during the committee hearings I had assumed in my naïveté that the statement of the minister and others that

there would not be any change was true. I asked Mr. Craig Dickson of the Maritime Transportation Commission a question on this subject. It is recorded at page 2501 of committee proceedings No. 37 as follows:

> There has not been any indication yet of readjustments?

Mr. Dickson replied:

> Well, yes there has, Mr. Bell, although I want to be fair to the railways.

Perhaps I should put the whole paragraph on the record in order to be fair and because it explains the situation better than I could.

> I think in instances up until this year at least, they had been quite fair in attempting to maintain this parity rate structure. We have had rates adjusted to Halifax and Saint John to equal the rates to New York or other American ports when we could show them there was traffic to move.
>
> There have been instances in those negotiations where the railways have put this qualification on it: We are prepared to publish rates to Halifax and Saint John the same as to New York provided they cover our costs.

This is a reference to the old compensatory rate that was in section 120 and has been redrafted almost exactly in section 231.

> I cannot think of an example at the moment where they said it did not cover costs, but there have been some, I think, that were rather questionable. Oh yes, there was an ore movement, I believe, from down around the Niagara Falls area, where the cost of handling this via the maritime ports was not sufficient, the railways alleged, to cover their cost and they could not meet the competition of the United States ports. We rather fear from several recent developments that there may be a move to get away more and more from this parity rate structure.

Whether we like it or not, this matter has been taken out of the position in which it was under the old act and is now within the discretion of the railways. This has nothing to do with the Maritime Freight Rates Act. These rates are now at the discretion of the railway. I believe all maritime members should stand in complete unity on this subject. The hon. member for Antigonish-Guysborough knows a great deal about the problem of freight rates in the maritimes. I know he agrees that the Maritime Freight Rates Act is not working very well. I believe there is still some value in the act but from what I have read I understand the hon. member feels there is no value in it. However, neither of us likes the way the Maritime Freight Rates Act is working now, although he may be more discouraged than I am. I would be interested in hearing what he has to say about the matter of parity for Halifax and Saint John.

[Mr. Bell (Saint John-Albert).]

Another matter of importance is the subject of winter navigation. I am not going into the whole history. We know there has been progress, but the figures placed on the record by the hon. member for Halifax concerning the movement this year are very disturbing. On Friday we learned that the Department of Transport is instituting a five-year study of winter navigation.

Mr. Pickersgill: I should like to make a correction. I think the hon. gentleman misconstrued, and perhaps he was right in misconstruing, what I said. There is to be a study of the ship channel in the St. Lawrence but it has nothing to do directly with winter navigation. It has to do with navigation. The channel through Lake St. Peter is not satisfactory for the volume of navigation there is in the summertime, and this is the reason for the institution of this study. It is not primarily or directly related to winter navigation but to navigation itself.

• (4:00 p.m.)

Mr. Bell (Saint John-Albert): I appreciate the minister's explanation. This shows the problem we have always had in regard to exaggerated stories about what is taking place on the St. Lawrence. However, I think the minister should know that the heading in the Montreal *Star* on Saturday was "Ice Study Under Way", and the first paragraph of the story read:

> The federal government has embarked upon a five-year study of ice conditions which could lead to a new era of year-round navigation on the St. Lawrence River.

So this is what we are up against, Mr. Chairman. Timing is all important, and this is why we feel so strongly about the matter.

In addition, further inroads are being made by way of containerization. Everyone in the transportation business knows how this is going to revoltionize port activity and the transportation of goods. I believe that if we do not move quickly on this matter in regard to the eastern ports of Canada we are going to lose a lot of business to New York. Owing to mass production and other economies the port of New York is in a better financial position to modernize its facilities and institute containerization right away. We are all aware of the fight we have had for many years to compete with Portland in Maine. The C.N.R. have full facilities there and we lose a lot of business to that port. We do not want to see this problem resuscitated.

I hope that when the minister replies he will be able to give us some further information in this regard. I should like to ask him whether he pointed out to the officials who framed the bill how important this matter is to us, and how carefully they considered this amendment. Did these officials search through the files and examine previous decisions of the board and the like? Did the minister charge them with the importance of this matter?

I hope that in a matter so important to the maritimes the officials did not say: "Let us get through with the big part of the bill which affects the west so that we can ride along with that, and the maritimes part will be tagged on. We will hope that everyone will then be tired and fed up with the bill, so we will stick a few words in one of the clauses to make them feel happy".

This feeling has caught on in the maritimes, Mr. Chairman, and the minister is not going to be very popular in that area. He did have a pretty good image but lately it has begun to suffer. For example, this is one of the newspaper headlines: "Mr. Pickersgill Looks At Us Through Rose Coloured glasses".

Mr. Pickersgill: The hon. gentleman would like me to use blue ones, I suppose.

Mr. Bell (Saint John-Albert): I certainly think the glasses the minister is looking through are becoming a bit tinted and that he is being too optimistic. He is being too much of a Pollyanna, I think the phrase is, in looking at our future through rose tinted glasses. I have another report here reading in part, "They are having another gay party on the St. Lawrence with icebreaking and we are picking up the tab".

This is the point, Mr. Chairman. It is not so much that the maritimes are against progress but that we are paying part of the price to bring about our own funeral. In all the talk about progress and moving ahead the significant factor is that we are paying our share. The seaway cost $500 million or more and a formula was established by which it would pay for itself within a few years. It was the seaway that was the beginning of our downfall. It took business further inland and yet it is not even beginning to pay. So far the minister has taken a hard line on tolls and I hope he will continue to do so; he will certainly have my support. But in all this progress the poor old maritimes are paying their share.

Let me end with this quotation. I have put this statement on the record before, but it does give the minister an illustration of the classic problem that we are up against. It is a statement made by a shipping official in Quebec, taken from the Ottawa *Journal* for December 22, 1966. This official is promoting shipping activity at Quebec and says that the government should do more icebreaking in that area. He goes on:

> They have to think about the voters in the maritimes too. But the fact is that this discouraging policy hurts the whole country, not only Quebec. Ships that do not come to Quebec and Montreal do not always go to Saint John or Halifax. They may just as well go to New York.

Then he goes on to say:

> Newsprint, for example, loaded in Saint John costs $14 more a ton than it does loaded in Quebec.

The two points that I am making are contained in that statement. I do not blame this fellow for trying to promote activity in his own port because that is what he is paid to do, but this is a classic example. Newsprint costs $14 a ton more going through Saint John than if it were loaded at Quebec, and even then some business might not go through the St. Lawrence but instead go down to New York. Why do we have a freight rate structure in Canada, Mr. Chairman? We came into confederation because we wanted parity of treatment with the ports in the United States and along the St. Lawrence. It is that simple.

Mr. Pickersgill: Mr. Chairman, I believe it was the Secretary of State who moved the amendment which is now before the committee, and the hon. lady is not here at the present time. However, I am sure she would agree if she were here that I should substitute a new amendment. If it is agreeable to the committee I should like to substitute for the amendment that she moved another amendment which I am sure the Minister of Fisheries would be very glad to move. I pick the Minister of Fisheries deliberately in this context because of his province. I should like to strike out of the previous amendment the exception relating to the proposed section 334. This amendment would mean that instead of the amendment that has been moved reading as it did the other day, it would read:

> Nothing in this act shall be construed to affect any obligation imposed upon any railway company.

In other words, Mr. Chairman, whether or not a rate was compensatory it would remain the law if it is in the law now.

I may say that I am willing to do this the more readily because I am going to propose an amendment to clause 74 which would make it possible, if a rate is not compensatory, for the railways to make representations to the

commission, and it would enable the commission, if it so wished, to recommend to the Governor in Council that the loss be paid out of the treasury.

There seems to be no reason whatever for making this exception. The hon. member for Halifax indicated that this exception could conceivably be a very serious gap in the protection offered. If the exception is taken out then there can be no such gap. In other words, instead of having to get somebody, after the amendment has been adopted, to move another amendment to that amendment, I think it would save the time of the committee if we had unanimous consent to substitute this new amendment for the one now before the committee, if that course is agreeable to the committee.

Mr. Robichaud: I would so move, Mr. Chairman.

Mr. Pickersgill: Mr. Chairman, I do not know whether hon. members want the amendment read. There is only the one change in it and that is that these words to which I have referred are struck out. May we deem the amendment to have been moved?

• (4:10 p.m.)

The Deputy Chairman: Is it agreed that the hon. minister may substitute this amendment for the other amendment presented on Friday by the Secretary of State?

Some hon. Members: Agreed.

Mr. Pickersgill: Mr. Chairman, the purpose of this amendment, as I explained originally is to ensure that every statutory protection that exists in the law of Canada at the present time to provide for specific rates, parity in rates or the routing of traffic through the ports of Halifax and Saint John shall remain in force notwithstanding anything in this bill.

The hon. member for Halifax properly said earlier this afternoon that some of these rates which might at one time have been compensatory might conceivably be argued to be not compensatory now and we might therefore be eroding this protection. Hon. members can tell that I thought the same way the hon. member thought because I anticipated his objection and had this mimeographed copy of the amendment ready. I confess that I woke in the middle of the night, the night after I moved this amendment, and began thinking about it. I thought what I really should have said is, "notwithstanding section 334" instead of having made the exception. When I talked about this with the law officer advising me he said, "You know, there is a much simpler way to do it and that is to strike the words out". In any event it seems to me that there can be no doubt whatever that everything that is now in the law protecting those ports will remain in the law. This amendment will remove any possible doubt.

The hon. member for Saint John-Albert asked whether I had asked the law officers of my department to check the law, to ascertain what the various laws having to do with the matter were. I think it would have been much better if we had been able to spell all of them out. The hon. member also rightly said that some of these laws have been interpreted by the courts. It is very easy, if you try to specify these things and you do not know for sure what all of them are, to leave something out. A compilation is being made. All the law is being thoroughly searched at the present time, and this search has been going on for several months. It involves searching a great proportion of all the statutes of Canada enacted since confederation and many legal decisions.

To be absolutely sure that nothing is left out, if we say that everything that is part of the law of Canada remains the law of Canada there can be no danger of any kind of mistake. As soon as this compilation has been completed I intend to make it available to hon. members and other interested parties for their information and to bring it to the attention of the new commission as soon as possible so that it may have an opportunity to peruse it.

I do not think hon. members will expect me to say anything more about winter navigation on the St. Lawrence than has been said already. It is a subject on which there are continuing differences of view. I can only commend the very reasonable and sensible attitude taken by the hon. members for Halifax and Saint John-Albert. They do not believe, if navigation during winter becomes technically feasible, that it can be stopped by law. They do not expect it to be, and I am sure all reasonable people take this view. That does not mean, of course, that we should not do everything possible to maximize traffic through the ports of Saint John and Halifax and other eastern ports where we can maximize traffic.

Though this is strictly not relevant to the clause, I wish to reiterate the position I have taken. Since I have been Minister of Transport the National Harbours Board has been

given tangible evidence of my disposition, because I am the minister who has to take responsibility for its budget. My position has been that in every instance where we have had any sound reason to believe that improvements either to the port of Halifax or the port of Saint John would result in increased traffic or would attract more traffic—and sometimes it was a bit of a gamble—we have been willing to go ahead with those improvements, and considerable improvements have been made and are being made in both ports. Some of the most notable improvements in both ports have been to the grain handling facilities and to the facilities for handling general cargo.

I assure the hon. member for Halifax that as long as I am Minister of Transport—and I believe this will be the attitude of any government—if there is any reasonable prospect, and I believe there is, that the new superships will come into service and if, with the proper facilities, they can use the port of Halifax which perhaps is the only port on the east coast with sufficient depth of water and other conditions to make it possible for these ships to be used, the facilities will be put there. They can be built faster than the ships. I do not think we can have any doubts that these developments will take place as rapidly as possible.

With respect to the point raised by the hon. gentleman about imports, quite frankly I know of no statute that now protects anything having to do with import traffic. I know of no statutory requirement—and it is rather difficult to see how one would do what the hon. member has suggested—which gives statutory protection to import traffic. I would hesitate to import the word "import" into the law, if I might make an inexcusable pun, without considering carefully what its real effect might be.

I think that the suggested amendment, which I am glad was not moved, of the hon. member for Halifax might raise difficulties. I think the committee would find it difficult to understand its import correctly. It reads:

> Notwithstanding anything contained in this or any other act, rail rates (to and from shipside) on export and import traffic to or from eastern ports, as defined in section 329A of this act, from or to the point of origin or destination shall at no time be greater via any such Canadian port than via any other such Canadian port or via United States north Atlantic ports.

• (4:20 p.m.)

I do not know precisely what the effect of this proposed amendment would be but my guess is that the freight rate from, say, Ottawa to Montreal would also be the freight rate from Ottawa to Halifax. Of course, that has never been the situation at any time in the history of Canada. We would be saying in effect that any advantage as far as location is concerned would be destroyed by legislative action. We would be saying that the people of Canada generally must pay the cost, because the railways, obviously, could not bear these costs. The hon. gentleman himself has suggested they would be substantial. The taxpayers would have to pay the additional cost of carrying to Halifax goods which anyone wanted to send through the port of Halifax, notwithstanding the fact that all this money could be saved by shipping them through Montreal. I really think this would be going far beyond anything which it would be reasonable to ask the Canadian taxpayer to bear, no matter how strongly any hon. member favoured his own community.

If one happened to represent Montreal instead of Halifax, would it be argued that any shipper who wished to ship goods from Amherst could direct that they be shipped at the same rate via Montreal instead of via Halifax, or from Yarmouth? That would be importing the same kind of principle.

Mr. Forrestall: That is going to the extreme.

Mr. Pickersgill: My whole point is that the amendment, if it means what I think it does, does go to the extreme, and I do not think you could possibly expect parliament to legislate to that extreme. It is another matter to say that the rate from any place outside the select territory to any place inside the select territory should bear some relation to rates to United States ports, because there will be comparable distances—

Mr. Forrestall: That is the major part of our contention.

Mr. Pickersgill: This is the next point I should like to deal with. I have a feeling that we are unlikely in this committee to be able to patch up the situation without the benefit of the studies which are now going on in this field. The hon. gentleman is right in saying I am hopeful the results of the study on Atlantic transportation will be to hand some time in March, maybe in February. It would not, I think, be very profitable for us to do a little patchwork and try to change the law as it now stands. We could not be sure we were accomplishing anything very substantial, because we do not really have much evidence

that there is a significant amount of traffic through New England ports, or New York, which would be likely to go through Saint John or Halifax. I think it is vitally important that we preserve the law as it now is so that there is no erosion on any kind, and that is why I asked my colleague the Minister of Fisheries to move the amendment to which I have referred. But I do think it would be very much better to deal with this question in a thoroughgoing manner on the basis of the study than to attempt a little piece of patchwork at this stage.

I am very happy indeed to make the vital amendment for which the hon. member for Halifax has asked. I am also happy to undertake to put forward the other amendments to which I have referred, the amendments to clause 1 and clause 16. I feel these amendments go a good deal of the way toward meeting the situation he has in mind. I refer to "an undue obstacle to the movement of commodities through Canadian ports", and the inclusion of this principle as one of the principles of the legislation for the guidance of the commission and of the government in working out the policies which will be laid down, I hope, in 1968. I say "in 1968" because I do not want to hold out false hopes; I do not think we will get legislation ready in the autumn of this year, because after we get the results of the study it seems to me there must be an opportunity for hearings and for public debate. But I sincerely hope we shall have legislation on a fairly large scale in 1968, not dealing exclusively with freight rates but with the whole of the transport complex of the Atlantic provinces.

Having regard to the statement of principle in clause 1 and clause 16, and in the knowledge that the transportation study is virtually completed and that action to deal with Atlantic transport generally will be the next big job of whoever is Minister of Transport—I hope there will not be a sudden change—I hope the hon. member will not feel it is necessary to divide the committee on any further amendment.

Mr. Robichaud: Before this amendment is carried may I rise on a point of order? The amendment referred to by the Minister of Transport is the amendment reported at page 12053 of *Hansard* for January 20 and moved by the Postmaster General. May I say I have been authorized by the Postmaster General to ask leave to withdraw the amendment he introduced on Friday last and replace it by the amendment which I moved a few moments ago?

The Deputy Chairman: Is it unanimously agreed that the amendment which was moved by the Postmaster General be withdrawn?

Some hon. Members: Agreed.

The Deputy Chairman: Is it unanimously agreed to consider in substitution for that amendment the amendment now before the committee which was moved by the Minister of Fisheries?

Some hon. Members: Agreed.

Mr. Bell (Saint John-Albert): Before we discuss the substance of the amendment I wish to complete the record in connection with this subject of ice-breaking, because our position is misunderstood by many people. The question in the minds of many people in the maritimes is not whether they accept the inevitability of winter navigation. They are concerned about the fact that, according to the minister the other day, it will cost $100 million.

Mr. Pickersgill: That was just a guess.

Mr. Bell (Saint John-Albert): I appreciate that, but the hon. member for Halifax and I do not wish to be misunderstood. We are completely opposed to winter navigation, though we accept that moves are being made toward it. But in the light of the tremendous cost involved, we want to know what is to be the *quid pro quo* for Halifax and Saint John. I do not wish to provoke a debate on the subject. I want to explain our position.

• (4:30 p.m.)

As to what the minister said about new facilities for Saint John, we need better facilities but what is the use of them when the traffic is drastically dwindling. That is why we are hoping to get something a little more than we had. I am glad the minister threw out that horrible abortion of Friday which we said at the time we did not feel he was really serious about. He has thought about it over the week end and has come up with something better. At least everything that we had previously will still be given to us under this new amendment. I had hoped for something a little more definite but we are glad that the week end helped.

Mr. Pickersgill: The week end weakened me.

Mr. Forrestall: I join with the hon. member for Saint John-Albert in thanking the minister for taking out what was referred to as an abortion. He has now dealt with two of the four shortcomings that we saw in the amendment.

I accept the minister's position on import traffic. In effect we would be subsidizing people in any of 150 countries, and Canadian funds can be used for a better purpose than that. Therefore I am content to remove that part from my suggested amendment but not for the reason that the minister spoke of, namely, that it is not dealt with in any present statute. Just because it has not been dealt with by statute previously is no reason why at this stage of our development, when we are 100 years and some 23 days old—

Mr. Pickersgill: We don't become 100 years old until July.

Mr. Forrestall: Anyway, the minister knows our position in Halifax. The special transportation study is almost completed. It will require detailed consideration by the department and the government, and in addition representatives of the area and of industry there will need an opportunity to express their views on it.

I feel strongly about the necessity to extend the select area. As the hon. member for Saint John-Albert has pointed out, the parity structure of Saint John and Halifax has been so whittled away that, for example, the largest mover of newsprint has stopped picking it up in Halifax and is taking delivery at Saint John. This makes economic sense but we must maintain the principle of creating an atmosphere in which people can still live in the maritimes.

We have been told by the Economic Council of Canada and other bodies which have examined maritime problems that our future, particularly in Nova Scotia, will be based on secondary industry. Progress has been made in that direction in recent years, aided by successive governments, but we need to do a little more if we are to keep the maritimes in the Canadian picture. We are so far behind because of distance, geography and, I suppose, history that there is no way we can catch up and so drastic measures are required.

I am sure everybody in Halifax will welcome the minister's assurance that the government can move quicker to provide the facilities to accommodate the new super ships than those ships can be built. I would hope this could extend to the concept of the integral train and all the problems involved as between privately owned rolling stock and our old transportation system equipment. We need to keep the ports of Halifax and Saint John alive but the amendment which the minister has moved today will not accomplish that. They are still going downhill.

Mr. Pickersgill: I am sure the hon. gentleman will admit that a year ago the government put an item in the estimates, which is now included in this bill under new section 329A, that underwrites the reduced rates that the Board of Transport Commissioners said were too low for wheat and flour going through the Atlantic ports. Those rates are safeguarded for good in this legislation. In a sense those are the only new rates that are being established by this legislation.

Mr. Forrestall: I appreciate that. We welcome it as something absolutely necessary, but who in the name of all that is holy is going to ship flour from the port of Halifax when it can be shipped from Saint John?

Mr. Pickersgill: I think the hon. gentleman will find that a good deal will be shipped from Halifax.

• (4:40 p.m.)

Mr. Forrestall: That is excellent, but it is a bulk commodity like oil and gypsum which do not provide much employment at the port. We must attract the type of business that will sustain the stevedoring companies which employ hundreds and hundreds of men. Perhaps it is not a matter of particular concern, but I have had a card entitling me to work on the waterfront in Halifax for many years. There are only 15 or 20 men as young as I who have card numbers lower than mine. My card number is 9,060.

Mr. Pickersgill: I hope the hon. gentleman is not doing any moonlighting on his week ends.

Mr. Forrestall: No. I am not like the minister who can find time to lie in bed and think up amendments to earlier amendments. Perhaps we should encourage him to do that.

The whole concept of our waterfront industry has changed in the last three or four years. At one time a great number of stevedores came from the ports of Montreal and Quebec to work in Halifax. They not only earned money there but spent it in that community for rent, food, clothing and other

things that longshoremen enjoy. As was pointed out once, in the fraternity of spirit of Sir John A. they spend money. These men no longer come to Halifax because work is not available.

Tonnage statistics still show that the volume of traffic is being maintained. This is true because of the bulk shipment of wheat, gypsum and oil. General cargo traffic, on the other hand, is dropping off to practically nothing. Hundreds and hundreds of jobs are being eliminated. This is becoming a serious problem as indicated by the fact that the maritimes now have 10.5 per cent of their workers unemployed. Even in the minister's own province the unemployment situation is not as bad as it is in Nova Scotia and Prince Edward Island.

We must have new and drastic action. Perhaps we should extend the select territory, although I realize this would be costly and would involve many ramifications.

Mr. Pickersgill: Would the hon. member permit a question? I do not understand what he means by extending the select territory.

Mr. Forrestall: To use the terminology of section 329A, perhaps there could be some parity of ports including the three eastern ports and Montreal. It is understandable that this would involve a tremendous subsidy, but unless there is some form of parity in relation to the select territory nothing is going to change in respect of the movement of traffic. We suggest that the next step should be taken. We might be assured if the minister would say that in two years' time following the special study something will be done regarding a viable port parity structure to assist the ports of Halifax and Saint John. Perhaps we could be assured that if nothing appears in the report following the special study in this regard the government will take some action.

Mr. Pickersgill: I am certainly prepared to undertake that if this subject is not dealt with adequately during the special study, and I feel sure it will be, it will be one of the first subjects the research side of the new commission will be specifically asked to look at.

We have made great investments in the ports of Halifax and Saint John, a great deal of which is of recent origin, and we intend to put those ports to maximum use. I have no hesitation in assuring the hon. gentleman and the committee that if perchance this subject does not appear to be dealt with adequately in the transportation study the research side of the new commission will be asked to undertake this as one of its first and most urgent tasks.

[Mr. Forrestall.]

Mr. Nowlan: I am sure the minister's last remarks will shorten the length of my remarks. I am particularly concerned about the situation referred to by the hon. member for Halifax because, although I am not from a seaport, I represent a part of an eastern province. I hope the minister will give consideration to the suggestion of the hon. member for Halifax, even though it may involve tremendous ramifications in respect of export and import traffic. Surely the fact that the minister proposed one thing in the house on Friday to eliminate an abortion, a phrase which has been used in the connotation of a pun, and has suggested something quite contradictory on Monday is an indication that serious consideration should be given to this subject.

So far as the suggestion about the operation of icebreakers in the St. Lawrence Seaway is concerned, I agree with the minister that we cannot legislate against the use of icebreakers. I am sure the people in the eastern provinces are aware of that fact. On the other hand, the two main ports in the maritimes can be assisted by legislation. While we cannot restrict the economic use of the ports of Montreal and Quebec, we can certainly help the ports of Saint John and Halifax by taking the bold step of bringing the ports of Montreal and Quebec under the port parity concept. I do not think any discrimination would result from the inclusion of the ports of Montreal and Quebec within the port parity formula.

There may be no specific reference to this formula in many acts but the formula is to some extent in practice. By including the ports of Montreal and Quebec perhaps the two eastern ports could take advantage of the benefits provided through increased facilities by the National Harbours Board. This would also remove the handicaps suffered at the present time by the two eastern ports.

• (4:50 p.m.)

We are very pleased with the assurance given by the minister that if this subject is not dealt with by the transportation commission it will be looked into by the research branch of the new commission. Certain people in the east have had doubts whether this matter would be investigated adequately. From what the minister has said in the house in the last few days, and certainly from what he said today, I know that he is very much aware of this problem. The minister is aware of it, although perhaps other hon. members cannot

understand why there is such anguish and consternation over this clause. It seems fairly harmless on the face of it. In effect, in a small way this particular clause, especially as it was worded on Friday, is as important to the ports of Saint John and Halifax as the Crowsnest pass clause was to the west. I may be making more of an analogy here than I made a few days ago when attempting to write very euphemistic phrases to put into the legislation with respect to the Maritime Freight Rates Act. I admit the handicap under which I was suffering in putting my intention into legislation.

We wish that the draftsmen had exercised themselves earlier and suggested to the minister what was suggested today. We could have just deleted the freeze altogether and have had no freeze at all for two years rather having the freeze to continue until the transport study has been made and the government is ready to move in this respect. But that is the question for yesterday. The question for today is of as much concern to these ports, and therefore to the two provinces concerned, as the Crowsnest pass rates are to the west.

It gave me a great deal of pleasure to see the minister rise at the beginning of the debate today and, in confession and repentance, take out a contradictory phrase in a clause which on the face of it seems pretty innocuous to the majority of hon. members but which in effect would not have reserved but destroyed the rights which are enjoyed in this area. The only thing I can say in extension of what has been said by the two hon. members for Halifax and the hon. member for Saint John-Albert is that the government is establishing a new concept in grain rates under new section 329, and in the context of the remarks I have made I hope it is clear that it became evident, upon reflection over the week end which is a period of somnolence and dreams, that an error was being made which was corrected this afternoon.

In the same context, Mr. Chairman, I suggest that the minister and his draftsmen accept the suggestion of the hon. member for Halifax, take it under advisement and not necessarily be so bold as to extend this provision to imports but at least extend it to exports to include the ports of Montreal and Quebec so that the handicap of distance vis-à-vis the four ports of Montreal, Quebec, Saint John and Halifax will be removed. In this connection there are still obvious handicaps. Industry will settle in Montreal, Toronto and Quebec whereas it may never settle in Saint John or Halifax. The problem is not simply distance. The MacPherson commission points out that perhaps transportation is the real reason that the maritimes have not blossomed and bloomed in the economy of Canada. But there are other factors which will prevent the maritimes experiencing any great growth of industry. If we can only eliminate the handicap of distance we will see a stimulus to the economies of the ports of Halifax and Saint John. The figures presented to us by the hon. members from those two ports show that their economies have not only not been holding on but have been declining.

If we eliminate the problems of distance and bring the port of Montreal into the port parity situation, I for one, without living in the past, will have to face the consequences of what I have said in this connection. If we could eliminate the distance factor by reason of port parity the question of icebreaking would not be of such concern. Let the other ports have the icebreaking facilities. If we had port parity the ports of Halifax and Saint John would be used much more than they are at the present time. The ports of Montreal and Quebec will certainly be used more with the extension of icebreaking services, which are there as a fact of life.

Frankly, Mr. Chairman, hope springs eternal. Whether hope is good enough here I do not know and I am somewhat reluctant to accept that philosophy. But we are faced with the fact of this section. We will see the results of the transportation study. The minister is certainly very aware of the problems. I do not wish to say anything further at this stage in view of the assurance of the minister, but I hope the whole question of port parity will be looked into and we shall see the elimination of the abortion—this may be a pun on words —that is creating havoc in our ports. This would resolve my own dilemma and difficulty in this regard. On the basis of the minister's assurance, those are the only remarks I shall make at this time.

Mr. Churchill: Mr. Chairman, I would like to say a word or two here. I wish to ask the minister a question and to commend the hon. members from the Atlantic provinces for bringing to our attention a subject which, while it is of more particular concern to the Atlantic coast ports, is of concern to Canada.

In the course of his remarks the minister said that to ask the taxpayers of Canada to make up the difference in freight charges between, say, Ottawa and Halifax and Ottawa and Montreal would be asking rather too

much provided the charge was the same to the two ports from the point of origin at Ottawa. In following the debate and listening to the discussion carried on by hon. members from the Atlantic provinces, and recalling to mind the many questions asked over the last several years, particularly by the hon. member for Saint John-Albert, with regard to icebreaking in the St. Lawrence river, it has become very clear that the minister will have to consider very seriously something in the nature of compensation for the Atlantic ports if he is going to ask the taxpayers of Canada to provide millions of dollars for icebreaking facilities to keep the St. Lawrence river ports open in winter. I do not think there has been any disagreement with this icebreaking policy in other parts of Canada.

However, Mr. Chairman, what caught my attention was the minister's reference to the taxpayers as a whole. Being a taxpayer, it occurred to me that I should ask him, not necessarily to elaborate at this moment in this respect because he has been elaborating too much for the last two weeks but to have his study groups look into this situation very carefully, because I believe hon. members from the maritimes have made their point. If, as the minister says, the geographical advantage enjoyed by Montreal over Halifax would be destroyed by having a freight rate which was the same from Ottawa to Montreal as from Ottawa to Halifax, the minister is destroying the geographical advantage of the ports on the Atlantic coast by keeping the St. Lawrence river open the year round. That being the case, the maritime provinces will suffer accordingly and the general taxpayers of Canada will benefit the ports on the St. Lawrence and the business of central Canada at the expense of the people who live in the maritime provinces. I wonder whether this will appear to be quite fair to people generally, much as we want to see the development of year-round navigation.

I recall a few years ago a distinguished scientist and engineer pointing out to me that it might be possible to keep the St. Lawrence open not by icebreakers but by another system.

Mr. Pickersgill: Blowing bubbles.

• (5:00 p.m.)

Mr. Churchill: Yes, by blowing air bubbles, which I thought should be considered, or by the introduction of warmer water to prevent the freezing of the river. In any event, an expense of some millions of dollars, as I recall, would be involved. Perhaps the experimentation is still going on. Whatever is done the taxpayers generally will pay for the cost and the ports on the Atlantic will have decreased income and traffic. Over the years we have been trying to give the Atlantic provinces fair treatment with regard to their development along with the rest of Canada. Being a westerner and understanding the problems of the Atlantic provinces better than people who live in central Canada I sympathize with their position. I know that the maritimers and the westerners have always joined forces in encouraging the development of central Canada but not at the expense of either the west or the east. So I suggest to the minister that the argument advanced by hon. members from the east coast had had its effect on all members of the house. They have been logical and reasonable in their arguments. We hope that the minister will be convinced that any disadvantage which may accrue to the Atlantic ports by the maintenance of year-round navigation on the St. Lawrence river will be offset in some way so that the Atlantic provinces will not be placed at any further disadvantage.

Mr. Pickersgill: The hon. gentleman has thrown real terror into my heart, not so much by the fact that he spoke as by the content of his speech. Having come from Manitoba I went to the Atlantic provinces to find a seat, and I hope the hon. gentleman is not thinking of moving down there to try to defeat me because I really would be terrified if that was why he had intervened in the debate. However, that is probably not the case.

To speak quite seriously about the points raised by the hon. member for Winnipeg South Centre, and very briefly, bearing in mind his admonition that I explain too much and start new debates, I want to reiterate my view that the problem of making the most effective and fullest possible use of the ports of Halifax and Saint John and of the vast national investment in capital facilities in these ports is a national problem. It is not just a problem of the Atlantic ports. I have great hopes that with the development of superships and of integral trains for traffic that is not rated quite high enough to go by air but where the greatest possible speed of delivery is important, there will be a great future for Halifax in particular because of the great natural advantages of that port. One of the most interesting possibilities of this kind of traffic going through the port of Halifax is the

number of days that could be saved, and this may come about in the not too remote future. The hon. gentleman and I heard a little about this from some of the people who are conducting studies on the matter.

I wish to say generally that I feel that this subject is one which needs urgent, pressing and full research. Since I have substantially met two of the points put forward by the hon. gentlemen and since I really do not think that at the present time, here in the committee without really expert assistance and quite a lot more study, we could improve this bill in any way, I would hope that perhaps the hon. gentlemen would not feel it necessary to press any further amendments.

Mr. Forrestall: I think possibly what the minister has said in the last hour makes a fair amount of sense. I think we will lick our wounds and lay us down for a while. I wish the minister had found some way to write into the bill a meaningful guarantee that the parity structure with regard to export traffic at least through Halifax and Saint John and within the select territory would not only be maintained but would be designed in such a way as not to discourage their full use. I am referring to a guarantee that in no way would a shipper in a manufacturing concern somewhere in central Canada find it necessary to give consideration whether he should use the port of Saint John or the port of Halifax that indeed he would feel quite free to look at the pool of available foreign-going ships and regardless of whether they left from Halifax or Saint John would use the one that suited him best.

I am not suggesting I am an expert but I am not satisfied that these things are happening in a controlled manner. Port parity between Halifax and Saint John does exist but I think it is there more in word and spirit than in actual fact.

As was pointed out on Friday when we first read the amendment, we thought that the minister had been away from Newfoundland too long and had completely lost his senses. We are pleased that he has removed the very cumbersome section 334 qualification from his amendment. We hope he will keep his word in regard to the special study. If there is nothing in it about port parity he had better go back to Newfoundland because this will be no fit place for him to live when we finish with him.

We are now approaching the culmination of what must be many months of dreaming, hoping, praying, sweating and working on the part of the minister, and therefore we believe it is not incumbent on those representing the ports of Halifax and Saint John to frustrate him further. We will give him the assurance that we will not move further amendments dealing with this matter. I simply reiterate and re-emphasize the fact that we still believe very strongly that now is the time to do something drastic. I do not think that the government should wait for integral trains and superships. Now is the time we should be moving. I caution the minister that unless something is done very quickly to retain the longshoring and stevedoring capacity, the skills and understanding that have been built up in Halifax since 1749 and also in Saint John and unless the government does it now, these ports will not have the men with the skills to cope with greater traffic and the advantages that flow therefrom should traffic increase.

The Chairman: Is the committee ready for the question on the amendment?

Some hon. Members: Agreed.

The Chairman: Shall the amendment carry?

Mr. Forrestall: On division.

Amendment agreed to.

Clause as amended agreed to.

• (5:10 p.m.)

The Chairman: Shall the present clause 59 as amended and renumbered carry?

Clause as amended agreed to.

Mr. Pickersgill: Would you now call clause 74, Mr. Chairman?

On clause 74—*Cessation of "bridge subsidy".*

Mr. Pickersgill: Notwithstanding what the hon. member for Winnipeg South Centre has said, and I appreciate the spirit in which he said it, I will have to make fairly extensive observations on this clause. It is the clause that provides basically for the transitional subsidies to the railways. It provides that these transitional subsidies shall be reduced year by year by a certain fraction until they ultimately disappear. There is provision also for certain specific payments that would be made to the railways in respect of certain services that may be imposed upon them in the national interest. These payments would replace some part of these subsidies at a time when the subsidies were sufficiently reduced so that the railways would require the other money to make up the difference.

In other words, the railways will not get both the transitional subsidies and the specific payments for specific services. When the total of the specific payments equals the transitional subsidies, the transitional subsidies would not be paid any longer—at least, the amount would not be paid twice. The other day the committee saw fit to disregard my entreaties and knocked out of clause 50 the proposed new section 329 of the Railway Act. I believe, sir, that in so doing what the committee was seeking to assert was that they did not feel parliament should direct the new commission to conduct a mandatory review of the revenues and costs connected with grain rates. Although I did not like the decision of the committee, I respect it. If my interpretation of the decision made by the committee is a correct one, I am not going to suggest that this basic decision be reversed. In other words, I am not going to ask hon. members to insist upon a mandatory review by the commission of the financial effects of the carriage of grain as prescribed in this bill.

However, the adoption of the amendment had some perhaps not incidental but ancillary effects that are quite important. It had the effect, for example, of removing the protection for freight rates on a great many grain products other than wheat and flour, which I am sure most hon. members who voted for that amendment had no intention or desire of removing. It is quite true the hon. member for York South made a statement that in clause 15 of the bill there was adequate power of review of any matter that the government might wish to have reviewed. I feel I would prefer not to rely upon clause 15, particularly when the committee has expressed the view that it does not want a mandatory review of these matters.

The hon. member for Acadia, the hon. member for Burnaby-Coquitlam and others pointed out, and I thought there was some substance to their argument, that by asking parliament to require the commission to make this review a presumption was being created that the rates on grain were not compensatory. I have no desire to ask a committee or the house to create any such presumption. Indeed, in this matter I was seeking to be completely neutral and to leave it to the commission to determine what the facts were. I do agree that in perhaps a sentimental or a notional way it might be said, if you demand a mandatory review of something, you imply a certain conclusion even before the review is made. I believe we should not do anything that would leave any such implication because I know how strongly people feel about this in western Canada.

I do not want to do anything that is going to look to anybody as though there is any bias in this matter because I assure hon. members there is not. I do believe that one or two members—I have not reviewed the debates sufficiently to recall who they were—felt it would always be open to the railway to ask for such a review. Then the onus of asking for it, the onus of proving the case, would be entirely on the railways. I accept that as a reasonable proposition. It occurred to me, therefore, that one way in which we could accomplish all the incidental things that I feel need to be accomplished in this bill without asking the committee to reverse itself on the main point that there should not be a mandatory review imposed upon the commission, would be by an amendment I am going to suggest. There are one or two minor technical points, but so far as the main point is concerned the amendment would provide that in the case of any statutory rate, not merely grain rates but any statutory rate, provided in this bill, the railways, not earlier than two years after the coming into force of the bill, could apply to have any statutory rate reviewed by the commission. The rates we have just dealt with in the new clause 59 would come within this category too.

The fact that the rate would be reviewed could not mean a change in the rate. This would be a review of revenues and costs. Then there would be a recommendation to the governor in council on whether any relief should be afforded to the railways. The way this would work would be that the railways would have to ask for the review. They would have to take the onus and provide the proof. They would have to make their case, and if they made their case there would be no obligation on the government to provide the relief. The government would be told what relief, in the opinion of the commission, would be desirable. Then the government would have to exercise its discretion whether to bring something before parliament.

It seems to me that this procedure would meet all the objections that were voiced to the other procedure. This procedure applies to all statutory rates, and it would apply also to all rates that are set by the commission. If under clause 16 the commission sets aside a rate and substitutes its own judgment, then two years and not less than two years after such substituted rate was set a railway could claim it

was not compensatory and ask to have the results of it assessed.

• (5:20 p.m.)

We have made fairly adequate provision for appeals by shippers against the unfairness of rates. We have said that one of the principles of this bill is that if statutory and regulatory obligations are placed upon the railways they are entitled to be compensated for those things out of the treasury. Here we have something that does not appear to me to be open to any of the objections to which section 329 may have been open, though personally I did not think it was objectionable. However, the committee chose to think it was. But here at any rate no one can say that there is any presumption. The government does not have to take any initiative, nor does the commission; it is the railways themselves that have to make the application. Therefore there is no presumption placed in the bill, any more than there is a presumption in giving a shipper the right under clause 16 to say that the railways are taking an undue advantage of him in one case as opposed to another.

In the same amendment in a new section 471 I also propose to replace the definition of grain rates, which I believe was inadvertently thrown out like the baby with the bath water. I do not think any hon. member in any part of this chamber would want this situation to persist.

I am also going to make another suggestion. A very eloquent and persuasive plea was made by my hon. friend from Vancouver Quadra, which found an echo on the other side of the house, if I may so describe the venerable member for Kootenay West, in connection with rates on grain into British Columbia for domestic purposes. I feel about this subject in the same way that I said a few moments ago in another context I felt about a possible amendment that the hon. member for Halifax was going to move, namely, that we could not try to devise here and now a solution to this problem which would not create other problems that would also be very serious. Therefore, Mr. Chairman, I am going to ask the committee to agree that we direct the commission in this bill, not later than six months after the coming into force of the act, to embark upon a study of this question.

There are also a couple of small technical matters, one of which just corrects a misprint, but if the Minister of Fisheries would now move this amendment I would be very grateful.

Mr. Robichaud: Mr. Chairman, I so move.

The Chairman: It has been moved by the Minister of Fisheries that clause 74 of Bill No. C-231 be amended:

(a) by striking out lines 35 to 38, inclusive, on page 62 of the Bill, as reprinted, and by substituting therefor the following:

Reductions continued.

"468A. (1) The reductions in rates that, immediately before the coming into force of Part V of the National Transportation Act, were in force by virtue of section 468 continue in force subject to subsections (2) to (4)."

(b) by striking out line 30 on page 63 of the Bill, as reprinted, and by substituting therefor the following:

"that are subject to Order No. 96300 of the"

(c) by adding immediately at the end of page 64 of the Bill, as reprinted, the following:

Definitions.

"470. (1) In this section,

"Statutory rate."

(a) "statutory rate" means a rate for the carriage of any commodity between points in Canada maintained for the public benefit at a rate or level of rates specified in this or any other Act of the Parliament of Canada; and

"Substituted rate."

(b) "substituted rate" means a rate fixed by the Commission under this Act or substituted for any rate disallowed by the Commission pursuant to this Act.

Application.

(2) Subject to subsection (3), a railway company under the jurisdiction of Parliament may make an application to the Commission to investigate the revenues and costs attributable to the carriage of any commodity by the company at a statutory rate or substituted rate.

(3) No application shall be made under subsection (2)

Limitation.

(a) in the case of a statutory rate, until after the expiration of two years from the coming into force of this section, and

(b) in the case of a substituted rate, until after the expiration of two years from the day that the substituted rate became effective.

Report and recommendation.

(4) After an investigation under this section, the Commission shall report its findings thereon to the Governor in Council and shall recommend in its report the amount of payments, if any required in the opinion of the Commission to assist the company to meet its costs of operation in respect of the carriage of any commodity at a statutory rate or substituted rate.

Mr. Kindt: Mr. Chairman, I rise on a point of order. Would it not be better for all members of the committee to have a copy of this amendment so that we can follow it? I am not getting anything from the reading of the

amendment and I am not going to vote in favour of any of it until I have had the chance to read it.

Mr. Pickersgill: Mr. Chairman, I will do my best to get more copies. I concluded the preparation of these amendments just before I came into the house, because it was a very difficult problem. I do have a number of copies but I hope that in a few minutes I will have some more. Meanwhile I can lend the hon. gentleman the only copy I have left.

Mr. Kindt: That is all right. Your intentions are good, Jack.

Mr. Pickersgill: My heart is in the right place.

The Chairman: Does the committee wish me to continue?

Mr. Knowles: Continue.

The Chairman:

Presumption. (5) Where, pursuant to any action taken by the Governor in Council following receipt of a report from the Commission under subsection (4), financial assistance is provided a railway company in any year from moneys appropriated by Parliament therefor, the payment to the company of such assistance shall be deemed for the purposes of sections 314E and 469 to be a payment under this section.

Crown representative. (6) Where in any proceedings before the Commission under this Act the matter of the revenues or costs of a railway company under the jurisdiction of Parliament is under investigation, any Minister of the Crown in right of Canada may cause representations to be made thereon to the Commission by persons having knowledge of costing principles or matters that appear to such Minister to be relevant to the determination of railway revenues and costs.

"Grain products" defined. 471. (1) In this section "grain products" means any commodities to which, under the freight tariffs of the company in effect on the 1st day of January, 1966, the rates known as grain products rates, flaxseed products rates or rapeseed products rates applied on that date.

Maintaining related rates. (2) No action shall be taken under section 470 in respect of any railway company unless the company has maintained, at the level of rates prevailing on the 31st day of December, 1966, the level of rates

(a) on grain products other than flour moving from any point west of Fort William to Fort William or to Port Arthur over any lines of railway of the company;

(b) on grain products other than flour moving for export from any point west of Fort William or Armstrong to Churchill over any line of railway of the company;

(c) on grain or grain products moving for export from any point west of Fort William to a Canadian port on the Pacific coast, other than Vancouver or Prince Rupert, over any line of railway of the company;

(d) on grain products other than flour moving for export from any point west of Fort William to Vancouver or Prince Rupert over any line of railway of the company; and

(e) on grain or grain products moving from any point west of Armstrong to Armstrong over any line of railway of the company

Rapeseed. (3) For the purposes of this section and section 328 and the Act and agreements therein referred to, the expression "grain" includes, rapeseed and the rates applicable to the movement of rapeseed from any point referred to in subsection (2) or section 328 after the coming into force of this section shall not exceed the rates applicable to flaxseed.

Rate differential study. 472. Not later than six months after the coming into force of Part I of the National Transportation Act, or this section, whichever last occurs, the Commission shall undertake a study of the differences between rates on grain moving for export to ports in British Columbia and rates on grain moving otherwise to such ports, and shall report to the Governor-in-Council for such action as he deems desirable or expedient in the public interest."

• (5:30 p.m.)

Mr. Bell (Carleton): Would the Minister of Fisheries explain his amendment?

Mr. Robichaud: I shall leave that to the Minister of Transport.

Mr. McIntosh: It seems to me that this is bringing the Crowsnest matter in by the back door. Would the minister stand the amendment until we have had a chance to study what it does?

Mr. Pickersgill: I shall be happy to get more copies so that hon. members may look at them. I apologize for not having them earlier, but I think that notwithstanding the length of the amendment it will be found that it really is quite simple. It restores, beyond peradventure, the protection for all grain rates. Instead

of requiring the commission, as the original bill did, to conduct a review of the financial consequences of the carriage of grain it obliges a railway company, if it wants such review, to apply for it. The company cannot apply for it for two years. Two years have to go by before the application can be entertained. Of course, since such an application cannot be disposed of today or tomorrow, so to speak, there would be very lengthy hearings, and the time required for any review would be at least as long as under the previous act.

The railway company would have the right to ask for a review of the financial consequences not just of grain rates but of any statutory rate and of any substituted rate. Those rates have to be in operation for two full years before any such review can be applied for. That is all there is to it.

Mr. McIntosh: How does this differ from the section that was in the bill before it was defeated in the house?

Mr. Pickersgill: The provision in the bill before related only to rates on grain. It did not relate to all statutory and regulated rates. The previous bill required the commission on its own to start an investigation, whether the railways asked for it or not. That, I think, was what most hon. members from western Canada objected to. They said that by putting this obligation on the commission the government was saying that it believed these rates were not compensatory.

The commission will be under no obligation to examine rates unless the railway makes an application for a review and makes a case. In that respect there is a fundamentally different principle here. I felt it was only right that I should respect the view of the committee in this matter and that I should not ask it to reverse its position. I do not think anyone will object to correcting the position with respect to the definition of grain and the protecting of these rates.

Mr. Kindt: In other words, judging from what the minister has said, in a backhanded way the baby thrown out with the dirty water is back in again.

Mr. Pickersgill: That is right.

Mr. Kindt: I thought so.

Mr. Pickersgill: And I hope it is completely uninjured.

Mr. Kindt: May we have a chance to study this amendment?

Mr. Herridge: Mr. Chairman, I have listened to the reading of this complicated amendment and I will not thoroughly understand it until we have copies. I am pleased that the minister has listened to the representations made by the members for Vancouver Quadra and Kootenay West, based on the representations made by the B.C. Federation of Agriculture before the standing committee on transport and communications, and is going to anthorize a study of the problem they brought before the standing committee. I think that will provide useful information and will be of value to all those concerned about the cost of grain for domestic use in British Columbia under the present circumstances.

Mr. Bell (Carleton): It may be dangerous for an easterner to get into the subject of the Crowsnest rates, but if I understand what the minister has proposed he intends to substitute for the mandatory proposal that the commission shall in three years examine the rates a provision whereby the railway companies two years hence may examine all statutory rates.

Mr. Pickersgill: Any statutory rate.

Mr. Bell (Carleton): Any?

Mr. Pickersgill: They apply to have that done.

Mr. Bell (Carleton): If that is a concession to what the house voted on, then I confess it is totally the reverse of what I should have thought such a concession might be. Here the former mandatory situation becomes wide open after only two years; it is wide open to any railway company to make an application. I confess that as an easterner I find the minister's attitude extraordinary. Perhaps I should consult with my colleagues before expressing an opinion but I think the minister has done something that opens the matter more widely and more immediately than was originally intended.

Mr. Pickersgill: I think the hon. gentleman is quite wrong about that. I think that perhaps because he is an easterner he does not appreciate that in all the debate we had on this subject there was one problem and one problem only that seemed to be exercising the minds of hon. gentlemen opposite. I understood it very well. Hon. gentlemen opposite maintained that because the government was asking parliament to say that there must be a

mandatory review of the effects of the rates on grain, we were ourselves creating a presumption that these rates were not compensatory. I could see why they felt that way and I could see why there was the opposition there was.

Here we have something very different, it seems to me. The railways have always maintained that the rates are non compensatory. They maintained that before the MacPherson commission. It seems to me that we cannot give shippers a wide right of appeal against rates set by the railways and not give the railways a chance to come before the commission. The hon. member for York South and the hon. member for Acadia argued they would be able to do it anyway if they wanted to, whether it was expressed in the bill or not. All we are saying here is that it cannot be done for two years. They cannot even make an application before two years have passed in respect of any rate which is statutory or any rate which has been altered by the commission substituting a regulated rate for a rate fixed by the railway. The rate has to be in operation for two years before it can be argued that it is not compensatory.

• (5:40 p.m.)

The approach I am taking in this amendment is exactly the kind of approach to the matter which hon. members opposite argued could be taken. They said they just did not want this parliament to instruct that there had to be a review of these things. I think this is now a fundamentally different position, and for this reason I feel it meets the objections which were raised.

Mr. Olson: I should like the minister to give a fuller explanation of what is meant by a substitute rate. Section 470 (1) (b) says:

> "substituted rate" means a rate fixed by the commission under this act or substituted for any rate disallowed by the commission pursuant to this act.

Then the bill goes on to say in subsection 2 of the same section:

> —a railway company under the jurisdiction of parliament may make application to the commission to investigate the revenues and costs applicable to the carriage of any commodity by the company at a statutory rate or substituted rate.

There are further references to this in section 471 (2) where it is pointed out that no action can be taken under section 470 unless the railways have maintained for two years the rates prevailing on December 31, 1966.

[Mr. Pickersgill.]

The minister will appreciate that we have only had this document for a few minutes. Taking all these things together, may I ask whether the commission will have any power to substitute a rate for a statutory rate and then call it the substituted rate?

Mr. Pickersgill: No. Statutory rates cannot be changed except by statute. What is meant by a substituted rate is a rate established under clause 16 after someone says there is discrimination or something of that sort, and the commission sets a rate different from that which the railway had originally set, or any rate which might be set under the maximum rate formula. Such a rate would be in operation for two full years and only at the end of those two years could the company claim that it was not compensatory and that the commission should investigate revenues and costs. There is no provision anywhere in the bill for the commission to substitute its judgment for the judgment of parliament in setting statutory rates.

Mr. Olson: As I followed the amendment, several paragraphs of the section which was deleted have been reproduced almost in their entirety in the new section. As far as I can see, the minister has reintroduced all the definitions of grain products which were previously contained in three paragraphs of section 329.

Mr. Pickersgill: Yes. Not only have we done that but the definition of rapeseed which was previously arrived at by a reference to some order of the board, I believe, has been expanded a little. It was thought that the phrase originally in the bill necessitated a reference to documents and that it would be better to spell out the definition in the legislation.

Mr. Olson: The wording of section 471 (3) seems to require some explanation. The subsection says that the rates applicable to the movement of rapeseed after the coming into force of this section "shall not exceed the rates applicable to flaxseed". The reference here is to a rate applicable to flaxseed. Is there some other place in the bill where the rates applicable to flaxseed are more specifically laid down than they are in this subsection?

Mr. Pickersgill: The reason for that is simple. Flaxseed is described as a grain or a grain product and is covered by one of the definitions. But rapeseed was not described as a grain; it was described as "comparable to flaxseed". Although it was directly stated to

be a grain product, it was said that the rate for rapeseed should be the same as the rate for flaxseed so as to make absolutely sure that both were covered.

Mr. Churchill: The minister has done in part what I expected he would have to do after what took place last Wednesday. In order to explain the amendment which I moved then may I say that I endeavoured, first of all, to frame a complicated amendment such as the minister has provided but I decided subsequently that it would be better to put forward a very short amendment, about whose details there would be no dispute in the committee at all, and then let the minister bring in any changes which would have to be made. In other words, when amending a bill it is possible to strike out or to add words, or it is possible to strike out and substitute. I thought it was simpler to strike out. Then, if something had to be substituted the minister, with his officials, would bring in the substitution. This is what has happened on the present occasion.

I believe the members of this committee will need to study the proposed amendment with some care to see whether it is altogether satisfactory. The minister correctly summarized our arguments the other day as to the mandatory nature of the original provision in the bill making it obligatory on the commission to investigate the Crowsnest rates. Now he is suggesting that, instead, permission should be given to the railway companies to state their case with regard to statutory rates. We shall have to look at that proposal to decide whether it is really a satisfactory solution.

I would grant offhand that it is a neat way around the problem. The reference to the review of Crowsnest rates has been struck out of the bill, and that is one of the things which we were asking. But whether or not the back door has been left open too wide is one of the things we have to consider during the course of the day, possibly during the supper adjournment if there is to be one.

We did not intend to discuss the Crowsnest rates during the passage of this bill but perhaps this aspect of the debate has not been without useful result because we have had a look at these rates and considered various definitions. I challenge anyone to find in any of the relevant acts, whether the Railway Act or the Grain Act or the act pertaining to the Board of Transport Commissioners, a satisfactory definition of grain and grain products. In fact, I myself was not able to find anything with regard to grain products. Grain itself is not very carefully defined, perhaps for a good reason.

• (5:50 p.m.)

As new cereals are developed unknown ones may come into use and be included under grain, whereas if grain were defined very carefully there might be an exclusion of newly developed cereal production. Therefore there may be a very good reason for not defining grain clearly.

Grain products seems to have crept in by way of the Board of Transport Commissioners. The Turgeon commission reported in February, 1951, and had this to say at page 238, chapter 9:

> The scope and application of the Crowsnest pass rates have been greatly altered since they first became effective. They are at present in force (partly by statute, partly by order of the Board of Transport Commissioners, and partly by action of the railways themselves, as will appear) in respect only to shipments of grain and flour and certain other grain products, and they are held at a level which is three cents per 100 pounds less than the rates charged by the Canadian Pacific Railway Company in September, 1897, on shipments of grain and flour from all points on its main line on the prairies west of Fort William to Fort William and Port Arthur, and they apply as follows:

Then the commission goes on to mention grain and flour moving from point to point and in subparagraph (e) says that the Crowsnest pass rates apply:

> To shipments of certain by-products of the milling, distilling and brewing industries, and also certain feed products, not included by strict interpretation within the meaning of "grain" and "flour" in the foregoing paragraphs—

That commission took note of grain and flour, and grain products. The minister said on Tuesday, January 17, as recorded at page 11927 of *Hansard*:

> —the effect of striking the whole of section 329 would be to destroy a part of the legal foundation of the Crowsnest pass rates, because it is in this section that there is a definition of grain, and without that definition the safeguards for those rates would disappear—

I think that was incorrect. Perhaps the minister was not feeling his best at that particular moment. Then on Thursday, January 19, as recorded at page 11986 of *Hansard*, the minister said:

> The amendment for which hon. gentlemen voted yesterday removes the protective rates for barley screenings, barley meal, bran, buckwheat flour, chopped feed, crushed barley, crushed oats, feed grain, grits and groats, flaxseed screenings, linseed meal, linseed oil, cake meal and cake linseed oil.

Mr. Pickersgill: That was not the whole list because I was interrupted by the hon. member for Winnipeg North Centre and I never finished it.

Mr. Churchill: Yes, the minister's officials provided him with a lot of material and members of his staff rushed to get in touch with press representatives. As a result the Winnipeg *Tribune* of Friday, January 20, carried an article with a great big headline which I will not bother to read—

Mr. Olson: Read it.

Mr. Churchill: All right. The headline reads "Pickersgill Says Tory Crowsnest Victory Costly," and one paragraph reads as follows:

His staff was passing around today a list of 36 grain products which would no longer be protected by the Crowsnest pass rates agreement, as a result of the opposition elimination of a clause calling for a study of that agreement.

Then the paper did a little interpreting of the news, I presume with the assistance of the minister's staff, and again I quote:

This could mean an increase of anywhere between 10 and 50 per cent on these "Crowsnest related rates" involving everything from barley screenings, flax and rapeseed to crushed oats, rye flour and wheat germ.

I object to this attempt by the minister to scare the public. He says here in this chamber that we have taken away some of the legal basis for the Crowsnest pass rates, something which we did not do at all.

Mr. Pickersgill: Related rates.

Mr. Churchill: We did not affect the agreement and act of 1897 or the act of 1925. But the minister through his staff has word placed in the press in order to alarm the public, hoping to counteract what I called his political inept move with regard to western Canada, and so we got this headline in the Winnipeg *Tribune*. I hope that through the amendments which the minister will present, if this one is not satisfactory, that we can settle what the Crowsnest pass rates govern. The Turgeon commission said not only grain and flour but certain by-products.

Mr. Olson: Flax and rapeseed.

Mr. Churchill: Yes, flax and rapeseed are all considered here. Over the years the Board of Transport Commissioners has been dealing with this matter. The minister now has us terribly confused. He says that the section we eliminated destroyed the definition of grain and that without that definition the Crowsnest pass rates would not be effective. Those rates have been in effect for 70 years and I would point out that in new section 329A of this bill another definition of grain is given. It is as follows:

"grain" means the commodities referred to in paragraph (6) of Order No. 121416 of the Board of Transport Commissioners for Canada dated the 18th day of July, 1966.

In effect there were two definitions of grain in the bill, one of which we struck out, and the minister is now trying to bring it back in again.

All through the years the Board of Transport Commissioners has treated grain and products derived from grain as grain, and the rates have been applied accordingly. If the rates have not been applied under the Crowsnest agreement why would the minister say that because his definition was not accepted these rates would become ineffective? How can they become ineffective if they had been applied all these years under the authority of the Board of Transport Commissioners? There may be an explanation for that but at present I do not know what it is. I found another definition of grain in the interpretation section of the Canada Grain Act of 1925. It reads as follows:

"grain" means and includes all kinds of varieties of grain, the inspection of which is provided for by this act;

And also:

"western grain" means grain grown in the western inspection division.

There is a section in the Canada Grain Act dealing with grades and samples which talks about statutory grades, commercial grades, off grades and screenings. Then there are two schedules to the Canada Grain Act, chapter 25 of the Revised Statutes of 1952, which list the various grade names for western grain. There is reference to red spring wheat, white spring wheat, winter wheat, amber Durum, mixed wheat, oats, barley, rye, mixed grain, flaxseed, buckwheat, corn and sunflower seed. Perhaps that has reference to the eastern division, but there is a slight difference between western and eastern grain. I am afraid I am wrong because there is reference to flaxseed, sunflower seed, soybeans and peas in schedule 1 which is entitled "statutory grades of western grain".

• (6:00 p.m.)

That is the way in which grain has been defined, and that is how all these types have come under the Crowsnest rates. When it came to our attention in 1961 that rapeseed

was becoming an important agricultural product in western Canada the act was amended to include rapeseed in the general category of "grain". In the last paragraph on page 12 the minister has incorporated the wording of the amendment moved to the Railway Act on July 13, 1961 and has used the phrase, grain includes rapeseed, and the rates are the same—they shall not exceed the rates applicable to flaxseed.

Mr. Pickersgill: I think that resulted from a bill sponsored by the hon. member for Humboldt-Melfort-Tisdale.

Mr. Churchill: Yes, and until he did so we were not aware of the importance of rapeseed in western Canada. He has kept us aware of that fact ever since. It was at his insistence that the amendment was brought in, after which the wheat board began to take notice of rapeseed.

The Crowsnest rates have been applicable by statute or regulation of the Board of Transport Commissioners, or by action of the railway companies themselves, to grain of the types I mentioned, to flour and by-products of the various grains. Unless the minister can produce other evidence I think he is wrong in suggesting that we are striking out advantages which accrue to people shipping grain, flour and products of grain in those areas of western Canada to which reference is made in the act. I hope the definitions proposed by the minister will be satisfactory, but I wonder whether or not they are really necessary. Perhaps that does not really matter if in the future parliamentarians 20 years from now, who I am sure will be dealing with this subject, find it easier than we have to understand this act. If that is so I am prepared to accept the minister's definition of grain and grain products.

We must be very clear in future regarding grain and grain products. It strikes me as being very odd that a grain product such as flour should be treated in a different way than products of grain are treated, and I refer to wheat germ, bran or any other type of grain product. They all come from grain, including wheat, oats, barley and so on.

It is after six o'clock and I have nothing more to say about the detail of the amendment the minister has put forward, but let me conclude by saying that I had intended to be rather severe with the minister but changed my mind. I felt that I should treat him rather gently. If we have a proper supper adjournment and maintain our good humour perhaps we can pass some of these clauses. I have exercised a great deal of restraint. I should like to examine some of the words of this amendment and discuss them with my colleagues. Before doing so let me say the minister has made a real effort to meet most of the objections we raised last week, and he now admits that we were correct in raising those objections.

At this time I should like to know whether by granting permission to the railway companies to raise the issue of statutory rates with the commission we are going a little bit too far. In the past the railway companies have been able to complain, grumble and groan about these things, and the answer of the government has been to appoint a commission periodically to consider the alleged complaints by shippers or producers or the complaints of the railway companies. That was perhaps a more difficult process than the one to follow the adoption of this bill which says that within two years the company may raise this issue. Why should we not wait until pressure builds up on a government to appoint another royal commission? Perhaps we should just leave the statutory rates entirely alone. In any event that is what I should like to consider before we accept or reject this amendment.

Mr. Bell (Saint John-Albert: I am prompted by the question posed by the hon. member for Carleton to ask another question. Can the minister give us a list of the statutory rates? I have noted the definition but is there a list of all the rates which have been incorporated in our statutes at certain levels now available to hon. members?

Mr. Pickersgill: That is precisely the difficulty we faced in respect of clause 59. When statutes are revised, as every lawyer knows every change does not find its way into the revised statutes. Some are left out by inadvertence, but they still remain the law of Canada. I think we all know pretty well what most of these rates are.

By this bill we are saying in principle that the railway companies set their own rates but that under clause 16 there can be an appeal to the commission from those rates. The commission can then set a rate to be called a substitute rate. We are also saying that the commission cannot touch certain rates which are fixed by statute but that the railways are entitled to ask for compensation for carrying goods when parliament imposes the duty upon the railways to carry those goods at a rate to which they do not consent. One of the principles of this bill is that they may receive compensation under those circumstances.

In this bill we are saying that the railway companies should carry goods in respect of which the rate is statutory for a period of two years without making any kind of appeal. We are stating that they cannot have a review of those rates for two years but that after two years they may allege that the rates are not compensatory and ask the commission to review them.

Mr. McIntosh: May I ask a question on that one point? What is the significance of the two year term? Why is it not five years, ten years or one year?

• (6:10 p.m.)

Mr. Pickersgill: I think there are many reasons why one might pick two years. For example, wage agreements on the railways usually run for two years. In recent years the railways' costs have pretty nearly always gone up after each one of these wage adjustments. A rate that was compensatory in 1966 may not be compensatory in 1968. If it is a rate set by the railways it is up to them to look after their own affairs, but if it is a rate set by parliament, when the commission has the power that is given under this bill to review the matter it does not seem unreasonable to have this provision. We have also asserted the principle that the railways are entitled to compensation for obligations imposed on them as national obligations, and have also said that after there has been enough experience to enable some data to be gathered so as to know what the effects are there can be a review on application by the railway. It is just a matter of trying to be reasonably fair to everyone concerned.

Mr. Bell (Saint John-Albert): Mr. Chairman, I know that the Crowsnest pass rates are fixed at statutory levels. There is no problem there. But I do not think this provision satisfies the Maritime Freight Rates Act. I refer to the percentage reduction on a fluctuating basis.

Mr. Pickersgill: This provision would not apply to the Maritime Freight Rates Act at all. The 20 per cent and 30 per cent apply to rates on which the reductions are made. It would not apply to the Maritime Freight Rates Act because the payments under that act are specifically for the purpose of compensating the railways, so they could not argue that they were not being compensated in respect of the Maritime Freight Rates Act. This provision might apply to the rates that will continue to be frozen. That is one good reason why there is a limit of two years. There cannot be any review for two years, so those particular rates cannot be reviewed at all. We intend them to continue for two years until parliament reviews them, which we hope it will.

It could also apply to some of the rates that were referred to in clause 59 and to the At and East rates. The railways are getting some compensation from them now, but two years from the passage of this act it might be said that the compensation was no longer adequate in respect of the At and East rates; and it might not be adequate. We admit, because of the judgment of the Board of Transport Commissioners, that they are entitled to be paid something in respect of those rates.

However, two years or less than two years once the commission had set a rate seemed to be a ridiculously short period. I would guess that in most of these cases it would take at least three years, and probably more, to get a determination. You have to consider the time taken from an application being made and advertised. It has to be made known to everyone so that anyone who wants to object to it, including the Minister of Finance, has the opportunity to do so.

This is one thing I should have pointed out, but did not do so, in respect of the amendment. I am sure this will be particularly interesting to the hon. member for Winnipeg South Centre. He will recall that several hon. members asked who was going to make the case for the other side. Therefore I caused to be put into this amendment subsection 6 of new section 470, which says:

> Where in any proceedings before the commission under this act the matter of the revenues or casts of a railway company under the jurisdiction of parliament is under investigation, any minister of the crown in right of Canada may cause representations to be made thereon to the commission by persons having knowledge of costing principles or matters that appear to such minister to be relevant to the determination of railway revenues and costs.

It was always my thought that if the subsidy was going to be paid the Minister of Finance, the Minister of Transport or both would want to be represented anyway, but I thought we should put it beyond any shadow of doubt by including this provision. I think it will help many hon. members who said that the provincial governments in the past had been under an obligation to spend a great deal of money on these matters. They may wish to make representations too but they will know now that under this law, in order to protect the treasury, representations are bound to be

made by a minister of the crown. I think it is a good thing to have this provision in the bill.

Mr. Olson: Mr. Chairman, I wish to ask the minister a question.

The Deputy Chairman: Order. Before the committee hears the hon. member for Medicine Hat may I ask the indulgence of the committee to give information concerning the proceedings on the adjournment motion at ten o'clock tonight. Is this agreed?

Some hon. Members: Agreed.

The Deputy Chairman: It is my duty, pursuant to standing order 39A, to inform the committee that the questions to be raised at ten o'clock this evening are as follows: the hon. member for Greenwood (Mr. Brewin)—Education—Toronto—Possible closing of schools for immigrant children; the hon. member for Chapleau (Mr. Laprise)—Agriculture—Quebec—Proposed compensated discount on milk; the hon. member for Bow River (Mr. Woolliams)—National parks—Use of expropriation to halt court cases.

Mr. Olson: Mr. Chairman, I wanted to ask the minister this question. Will the crown's representative be asked by the Minister of Transport to appear before the commission only in cases where there is a possibility that a subsidy will be paid in respect of any statutory or so-called substituted rate, or will there be other cases with regard to which the federal government will take on the burden of establishing the costs that are relevant to the movement of the commodity involved, where large regions or large industrial shipments of primary goods would be involved and it would be in the public interest that someone appear on behalf of the crown?

Mr. Pickersgill: I would think that in any case where there was a possibility of a subsidy any government would be guilty of negligence in not being represented in order to see that as far as possible all the costs that were alleged by a carrier, whoever he might be, were properly checked and audited. I would think that when the commission undertakes its first big job it will be the job of establishing the costing techniques, on which there will be public hearings. I am quite sure that the Minister of Finance, probably the Minister of Transport also and maybe other ministers, will wish to be represented at the hearings on costing procedures and costing techniques. As the hon. member for Medicine Hat well knows, the costing procedures and techniques are almost as important, and perhaps more important, than determining the costs of individual shipments. Once the techniques are established, the other things are perhaps a matter of rather complicated computing, but arriving at the right techniques is the essential thing. In this respect we would want there to be no doubt.

In the case of a dispute involving, say, a big mining company which was asserting that the railway company was taking an undue advantage in connection with its own rate, I think one would be governed by the circumstances. If the issue seemed to be purely a matter between the shipper and the carrier, in which no obvious interest of the government of Canada was involved, it might not be necessary for the crown to be represented. But I would think, since all these things tend to be related one to another, the government would want to be represented all the time at all these hearings.

There is another reason for the government being represented at these hearings. There is an appeal from the commission to the governor in council. If the government is represented by an expert, by counsel so to speak, at the hearing, the minister and other ministers would have the advantage of consultation with counsel who would understand what had transpired at the hearing before the commission. This would apply in those cases where appeals have to be heard. So I would think that in all these cases it would be desirable, but even here it does not say so because it is not customary to order the crown. It just says that the crown may be represented, but there is no doubt as to the intention.

• (6:20 p.m.)

Mr. Bell (Saint John-Albert): If there are no other questions I would like to ask the minister whether we can interpret the look on his face as a hungry look and whether he thinks we could have a supper recess at this time.

Mr. Pickersgill: I think both the hon. members for Medicine Hat and Swift Current have other questions to ask, but any moment that we feel we do not want to discuss this matter further until we have had a chance to consider it I will be quite willing to have this clause stood and perhaps we could take part II and make some progress on it. We might even reserve one clause there in case any hon. member who is not here now wanted to comment on it. I really want to make progress. In any event I understand that the committee wishes to rise between 7 and 8 p.m.

Mr. Olson: There is one more comment I should like to make. First, I want to say to the minister that he has said something for which I have waited for months and months, and that is that the federal government, in the name of the Minister of Transport in particular but also perhaps in the name of other ministers, will assume the role which I think they should have assumed in the past. I am referring to the fact that as long as we have the adversary system which is used before the Board of Transport Commissioners and which it appears will be used before the new transport commission, it is necessary for some large public bodies such as the federal government to take the side of the public interest. The minister said that the government would be guilty of neglect of the public interest if it did not assume this role, particularly when subsidies are involved. I agree with him but I think I would go one step further and say that this government in some cases and the previous government in other cases have been in my opinion somewhat guilty of negligence in not taking the side of the public interest in the case of substantial public service involving passenger trains or the abandonment of railway lines being withdrawn provided the railways were successful in their applications.

All I want to say with respect to section 470(6) is that we have waited a long time for the Minister of Transport to say what he has just said, that the government will take an active interest in presenting the case for the public before these hearings. I have been to some hearings in which the public interest was involved and at which a municipality or other interested party did not feel it was strong enough or had sufficient resources behind it to take on such powerful bodies as the railway companies, especially in the gathering of evidence and the presentation of the case for the public interest. Therefore I am very pleased to have heard this statement from the minister finally and I commend him for it. I hope that in the future we will see this being done in the spirit which was indicated by the minister a few minutes ago.

Mr. McIntosh: Mr. Chairman, I would like to endorse the remarks of the hon. member for Carleton. I think this is a very confusing amendment and it is much broader than the one which was defeated. There is one point to which I should like to draw the minister's attention. I refer to the wording in the fifth line in section 471(1) on page 2 of the amendment where it is said that grain products include rapeseed products. Therefore we can say that rapeseed is grain and that the by-product of grain would include rapeseed products. However, the section reads in part as follows:

> —the rates known as grain products rates, flaxseed products rates or rapeseed products rates—

Why are rapeseed products rates not the same as grain products rates? The minister said that rapeseed is a grain. This is rather confusing.

Mr. Pickersgill: I think the hon. gentleman heard the very excellent exposition on this subject of the hon. member for Winnipeg South Centre in which he pointed out that the original Crowsnest agreement applied only to the C.P.R. and only to wheat and flour. Through the years it had been extended by the Board of Transport Commissioners—the hon. member read from the report of the Turgeon Commission—and in some cases extended by the railways to other commodities. I think the latest extension was through a bill introduced by the hon. member for Humboldt-Melfort-Tisdale which was passed in 1961. Over the years other grains and grain products have been added and given the same statutory, regulatory or board order or in some cases have been recognized as grain by the railway companies themselves. What we are seeking to do, and the lawyers have done their best to do it, is to ensure that every grain and grain product now covered by the rates which we usually call the Crowsnest rates will still be covered under the new legislation. I have accepted the view of the lawyers that the language used here seems to them to be desirable to make sure that we protect all the rates which everyone wants to protect and certainly which every western farmer wants to protect.

Mr. McIntosh: I should like to point out to the minister that the hon. member for Carleton is also a lawyer and the argument advanced by the minister did not seem to me to meet the remarks of the hon. member a few moments ago.

Mr. Pickersgill: I do not think the hon. member for Carleton said anything about the definition of grain. He was talking about the possibility of making an appeal, and that is a different matter.

Mr. McIntosh: The reason I rose when the amendment was first presented and asked the minister if we could stand this section was so that we could study this matter further.

Mr. Pickersgill: Of course I am quite prepared to do that.

Mr. Schreyer: I certainly do not intend to speak at length on the amendment except to say in all fairness to the minister that I do not think this amendment can in any way be construed as impinging on the continuation of the Crowsnest rates. I did not feel that the original clause in the bill had that effect. However, an argument arose about whether this might be the likely effect after the holding of the study, and objection was also raised to the fact that the Crowsnest rates were being singled out for special and in the opinion of some, undesirable attention. In this respect this amendment is less offensive and possibly should receive the support of the members of the committee.

I am rising at this time to ask the minister for clarification with respect to section 471(2) of the amendment which appeared in the same form in the original section 329 and I could have asked the question at the time when we were considering it. I am puzzled by the wording in paragraph (c) of section 471(2) which reads as follows:

on grain or grain products moving for export from any point west of Fort William to a Canadian port on the Pacific coast.

These rates are statutory and I really do not understand the wording "unless the company has maintained...the level of rates". There can be no question about it since the company must maintain that level of rates because they are statutory. Can the minister explain the use of the word "unless"?

• (6:30 p.m.)

Mr. Pickersgill: The point is that not all rates are statutory. That is precisely the reason. The rates set out in proposed section 328, which are covered by the statutes of 1925 and some other statutes, are statutory. Some of these other grain rates which are set at the same level as the statutory rates, have been set by orders of the board and are not statutory. Some others have been set by the railways themselves and have never been embodied in any order of the Board of Transport Commissioners. Therefore, what we are saying here is that if the railways disturb those rates in any way, then they can never receive any compensation even if they can show that the rates at which they are carrying the products are non-compensatory. I believe that is an accurate explanation.

Mr. Schreyer: I think it would be worth while to take another 30 seconds to follow this up. I realize that some of the rates applied to certain grain products are not statutory in the exact sense of the word "statutory". If these rates are not set by statute, then surely they must be set either by order in council or by an order of the commission, in which case they are still legislative or quasi legislative rates, are they not?

Mr. Pickersgill: They are rates that are in force now. It was never suggested by me that anything we had done here would take these rates away. I said the provision would remove the protection. This is the device by which we will be sure, or as sure as we possibly can be, that the railways after the passage of this bill will not touch any of these rates. This is the purpose.

Mr. Schreyer: There is one last point for clarification. I understand the minister's reasoning in large part, although I must confess not completely. Let us take for example the reference in proposed section 471, subsection 2, paragraph (c), to a level of rates on grain moving for export from any point west of Fort William to the Pacific coast. Surely that category of movement comes under statutory rates?

Mr. Pickersgill: Wheat does, but I am not sure about all grains. In some cases, this provision makes the same doubly sure.

Mr. Rapp: Actually, sir, rapeseed is better defined under the heading "grain" now than it was in the original.

Mr. Pickersgill: I thought the monument to the hon. gentleman should not be lost.

Mr. Bell (Carleton): I thought the minister was very skilful in the way he avoided answering the question raised by the hon. member for Saint John-Albert, particularly as to what additional statutory rates were being swept into this clause. When the committee voted, it voted in relation to the Crowsnest rates. The minister has come back with a proposal under which all statutory rates are to be in this new section. The hon. member for Saint John-Albert asked what are the statutory rates? The minister said: Well, because of the difficulty when we consolidate statutes I do not want to outline these in the house.

Now, Mr. Chairman, it is a very well known rule of the courts that what is said in this House of Commons is never a matter which is before the court or before the Board of Transport Commissioners. The minister therefore is not under any inhibition. I agree with

him completely that he should not enumerate them in the legislation. I think his definition of statutory rates is a good definition. However, I think the committee is entitled to know from the minister the list he has in front of him from his officials outlining just what he has brought under this provision. This will not prejudice the matter in any way when it comes before the new commission or before the courts for interpretation. What he enumerates are just words which have been uttered in the House of Commons. They are not matters of evidence before the courts.

I think before we vote we ought to know what the minister believes he is now including by way of rates in this definition, which were not included in the old section which was defeated in the committee. I think it is a simple matter for the minister to outline. This list does not have to be all inclusive. If the minister misses one or two, that will not prejudice anything. The list would provide a basis upon which the members of this committee could exercise intelligent judgment.

Mr. Pickersgill: I think that is a good suggestion. I do not believe I could give the list now, and I will not pretend to. I will have to produce a list when I come back after eight o'clock. I do not believe I should try to do that without the advice of my officials and, notwithstanding what the hon. gentleman says, I do not have a list in front of me. There are quite a number of them and I do not know the correct name. If we are prepared to stand this clause now and go on to something else, I should like to say one word about another aspect of it before we do so.

I am just making this as a declaration of the position of the government on this matter, and it will not affect this bill directly at all. I think I owe it to hon. members to make this statement. It was represented to us in the standing committee by the Canada Steamship Lines that their rates had been frozen at the time of the rate freeze put on by the previous government in 1959, and that they had participated in consequence in the payments that were made to the railways. However, since they are not a railway they are not included in this bill. Since the company has had to keep these rates at that level for all these years, they could not suddenly adjust them upward, and it was represented they were entitled to some transitional subsidy.

I have given a lot of thought to this matter, and I felt perhaps we might amend the bill to do that. However, I have come to the conclusion that because the transitional subsidies for the railways are made up of a number of different things, upon some of which Canada Steamship Lines has no claim to any share, this computation should be made very carefully. I have consulted my colleagues and it will be our intention to make a suitable provision in the supplementary estimates for what we deem to be a fair and equitable transitional payment to the Canada Steamship Lines based on the same principle of payment as in this bill. I thought it was only fair to say that now, while the bill was before the committee, since the matter had been brought before the standing committee, so there would not be any misunderstanding about it. This is the appropriate clause on which to make the statement.

If hon. gentlemen would prefer to stand clause 74 now, perhaps we can make some progress with the next part until seven o'clock.

Mr. Olson: I have one question which relates to proposed section 470, subsections 2 and 4. These deal with applications the railways may make after two years. These subsections refer to the railway making an application to the commission to investigate the revenues and costs, and then, after the investigation, the commission shall report its findings. There is no provision there requiring a public hearing. Perhaps the minister can tell me if there is such a provision somewhere else. An investigation may or may not necessitate a hearing before the commission. If there were interested parties who wanted to present their case, where would they find the right to demand, if I may put it that way, a hearing?

Mr. Pickersgill: I think the draftsmen are listening. My view is that it is provided in part I of the bill that there must be a hearing on any of these matters whenever any interested parties want a hearing. If there is any doubt about that I will bring forward a suggestion to remove it. But in fact I do not think there is; I think there has to be a hearing.

• (6:40 p.m.)

Mr. Olson: I am concerned about this because it would be possible for the railways very quietly to apply for an investigation, and for the investigation to go forward without general public knowledge that it was under way, if there was no hearing. I would not like to see that happen.

Mr. Pickersgill: Neither would I. I certainly do not want to see the commission suddenly

present to the government a bill for X millions of dollars without the government having had the chance to be heard in the matter. That is what is involved here. There is no doubt about our objective, and I think there is no doubt that the bill as it now stands provides for that. However, I will verify the matter.

I wonder whether we could now go to part II, Mr. Chairman, on the understanding that we try to complete part II and then come back to clause 74 after part II had been completed. We would also rise between seven and eight.

Mr. McIntosh: Mr. Chairman, before we go on to part II, the minister brought in a reference to Canada Steamships. Can he say anything now about the progress which has been made on the subject of St. Lawrence seaway tolls? Is there any danger of those tolls being increased?

Mr. Pickersgill: Mr. Chairman, I think I would be breaking the rules of the house if I did so, and everyone knows how reluctant I am to do that.

The Chairman: Does the committee now agree to stand clause 74 and the amendment moved thereto by the Minister of Fisheries?

Some hon. Members: Agreed.

Clause stands.

The Chairman: Is it the wish of the committee to revert now to part II of the bill, clause 22 to be found on page 13?

Some hon. Members: Agreed.

Mr. Ballard: Mr. Chairman, part II of Bill No. C-231 has to do with commodity pipe lines. I believe this is the first time that commodity pipe lines have become the subject of government regulation. Commodity pipe lining is a new endeavour in Canada, indeed in any country in the world.

I notice that the revised bill brings a new definition into the proposed act of a combined pipe line; this is to be found in paragraph (a) of clause 22. The original act had no such definition or made no reference to a combined pipe line. I believe it was I who first raised this question in the transport committee hearings, when I asked the minister what body would have jurisdiction over a solid pipe line where the fluid of transmission was oil. Unfortunately, Mr. Chairman, I think the amendment the minister has made to the bill has gone about the matter in the wrong way. I would rather have seen combined pipe lines taken out of the bill altogether, instead of subjecting them to the provisions of the act.

As I said before, Mr. Chairman, pipe lining is a relatively new concept of materials handling. As a matter of fact, only two briefs were presented before the transport and communications committee, one of them by the C.N.R. which did not appear to be very interested in pipe lining. The C.N.R. seemed to be well enough satisfied to subject pipe lining to the provisions of the bill, provided the act made it as uncomfortable for the pipe lines to operate as it did for the railways.

The sum and substance of the presentation of the C.N.R. is to be found at page 1839 of report No. 24 of the committee on transport and communications. One of the paragraphs of the brief was as follows:

> If all modes of transport are to be treated alike then commodity pipe line companies should also report to the transport commission in the same fashion.
>
> The information filed with the transport commission by all modes should either be available to all or to none—

It is interesting to note that the recommendation of the C.N.R. was that the pipe lining companies' activities and accounts should be open to the same scrutiny as the activities and accounts of the railways themselves.

I think that the legislation before us is good. The minister and his officials drew up the terms of the bill with not too much background on this type of movement of goods. As a matter of fact, the MacPherson report did not consider commodity pipe lines at all.

The other brief which was presented to the transport committee was much more sophisticated and informative. It was presented by the Shell Oil Company and appears at page 2089 and following of report No. 29 of the transport and communications committee. Incidentally Shell Oil Company have quite an interest in pipe lining because they are considering construction of a pipe line from Alberta to the west coast for the movement of sulphur from Alberta to the seaboard. This is going to be a $50 million project and will mean a lot to the economy of Alberta. The manufacture of sulphur involves the use of large quantities of the surplus natural gas we have in that part of the country

In their brief the Shell Oil Company pointed out that pipe lining is going to be the means of transportation in the future for quite a number of different primary products. Some of these now come to mind. I mentioned sulphur; others are potash, coal, wheat, and

wood chips for the pulp and paper industry. Another interesting point the company make is that the experience of pipe lining is that the unit cost has gone down over the years, whereas the cost of moving similar goods by rail transport has steadily increased.

One of the objections I have to this clause, in the first instance, is the definition given of combined pipe lines. According to clause 22 (a):

"combined pipe line" means a commodity pipe line through which oil and gas, or either, can be moved;—

The key word there, Mr. Chairman, is "can". I should point out to the minister that any pipe line can move oil, but not all pipe lines necessarily can move gas. They can be adapted from one kind to the other very easily. Really, what the minister is saying in this definition is that all pipe lines are combined pipe lines.

• (6:50 p.m.)

Mr. Pickersgill: Does not the hon. gentleman think that perhaps what the draftsman meant was not "can", in the sense that it would be theoretically possible but in the sense that the pipe line would be built from the place where there was oil to be moved? While in an abstract sense, the hon. gentleman is correct, in what he says, there might be a situation for example where there was no oil within several hundred miles of the pipe line. However, a pipe line which was used for some other liquid would theoretically be capable of carrying oil though in practice it might not carry oil.

Mr. Ballard: I thank the minister for making this explanation. What he is saying is that it is within the realm of possibility that all pipe lines originating in the prairie provinces, all of which produce oil, will come under the provision of this bill regardless of the fact that they transport commodities other than oil.

Mr. Pickersgill: No, I think the hon. gentleman has misunderstood this. Any pipe line that does not carry a commodity, other than oil or gas, cannot be a commodity pipe line and therefore does not come under this at all. There must be both oil or gas, and some other commodities as well; it does not matter whether it is oil or gas, but it must be some other commodity before it is a combined pipe line. If that is not so, it is just an oil or gas pipe line and comes under the National Energy Board, and this commission has nothing to do with it.

[Mr. Ballard.]

Mr. Ballard: I appreciate what the minister says, and this is what I understand by "combined pipe line". But it does not say that in the bill. I still contend, according to this definition, that any commodity pipe line originating in any of the prairie provinces would of necessity be called a commodity pipe line. I bring this to the minister's attention in the hope that he will produce a better definition of a combined pipe line, a definition more in line with the explanation he has just given.

Mr. Pickersgill: I will consult the lawyers about it, but I am sure they must have thought of this point.

Mr. Ballard: I leave that with the minister. I thought that was one of the things wrong with the provisions of the bill. Do I understand, Mr. Chairman, that we are dealing with part II as a whole, and that it is permissible to refer to other sections?

Mr. Pickersgill: I wonder, if the hon. gentleman has nothing more to say about clause 22, if we could not hold that clause and go on with clause 23. I wish to see as many clauses adopted as possible.

Mr. Ballard: I wish to object in any case to the inclusion of a combined pipe line in this bill. The minister in later clauses of the bill has built up a super bureaucracy which makes it almost impossible for a commodity pipe line to get started. We know of the cost and the time consumed by Trans-Canada Pipe Lines to make a presentation to the National Energy Board, in the recent hearings involving the Great Lakes pipe line. The cost was approximately $1,800,000. Over two years was spent in the preparation of the report, and that report was put before the National Energy Board and the Federal Power Commission of the United States almost one year ago.

It is the type of preliminary cost I have mentioned which is necessary to impress these commissions. Much time is involved, and it would be almost impossible for a new company to get started in this field. Certainly the obstacles will discourage people from going into the business. They will be discouraged even more when faced with a board twice as large as it ordinarily would have been. I suggest to the minister that commodity pipe lines be placed under one board or the other, under the Transport Commission or under the National Energy Board. For goodness sake do not let us fall into the trap where companies must have approval from both these organizations before they can begin construction or expansion.

Mr. Pickersgill: If the hon. gentleman looks at clause 25, as I am sure he has, he will see in paragraph 3 that there is no requirement that a company should appear before both boards. There has to be a combined hearing at which, I would guess, probably one or two members of the Transport Commission would sit with members from the National Energy Board. They have to make a combined report to the governor in council. It could not happen that one board could accept the application and the other refuse it; it just could not happen.

The reason that it will be unacceptable to the gas and oil company generally if these pipe lines, these combined pipe lines were taken out of the purview of the National Energy Board, so far as gas and oil are concerned—and I am saying a word about this, so that the hon. gentleman may reflect about it—is that it would mean a regime might be applied to gas and oil different from the regime that was applied to gas and oil pipe lines which did not carry some other commodity.

The Transport Commission will not be concerned at all with the carriage of the oil or of the gas. It will be concerned only with the carriage of the commodity, the other commodity that is in line. If the hon. gentleman will not mind looking at page 2, clause 3(b) of part I he will see that a commodity pipe line is defined there. I think when that definition is looked at in relation to the other one he referred to, it does seem that there must be the fact—not just the theoretical possibility—but the fact of having oil or gas as well as some other commodity before it would be a combined pipe line.

It was understood that the committee would rise for one hour at 7 o'clock—unless the hon. member wishes to go on for a moment or two.

Mr. Ballard: Mr. Chairman, may I call it seven o'clock?

Progress reported.

Mr. Deputy Speaker: I understand that the house wishes to suspend sitting from now until eight o'clock?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Is it agreed that at eight o'clock the work of the committee shall resume?

Some hon. Members: Agreed.

23033—767½

Transportation

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: I do now leave the chair.

SITTING SUSPENDED

• (8:00 p.m.)

SITTING RESUMED

The committee resumed at 8 p.m.

The Deputy Chairman: House again in committee of the whole to consider Bill C-231.

Mr. Pickersgill: We are on clause 22, I think.

Mr. Ballard: When we suspended the sitting at seven o'clock I was putting forward the contention that, first of all, the phrase "combined pipe lines" was not properly defined in clause 22. I hope the minister and his staff can arrive at a more appropriate definition than the one which is now in the bill.

I should also like to say in connection with clause 22 that the minister might well consider exempting combined pipe lines from the provision of this bill altogether. In other words, in my opinion an undue hardship is imposed on anyone trying to construct or operate a combined pipe line by making such pipe lines subject to the regulations of both the National Energy Board and the Transport Commission.

The minister's argument that an application need only to be made to a combination of these two boards, in other words, one submission, was not convincing. I would expect the National Energy Board and the Transport Commission to have a different outlook on the movement of goods; they would have differing regulations which might even be in conflict one with the other. I can foresee that it will be almost impossible for an applicant to satisfy the members of both boards.

The Shell Oil Company, in making its presentation to the committee on transport took the same view and recommendeded that commodity pipe lines—that is a newer description

—should come under one board or the other, but that they should not be subjected to the regulations of both boards. In fact, Mr. Ritchie, who presented the brief for Shell Oil, summed it up in this way as reported on page 2903 of the minutes and proceedings of the transport and communications committee, volume 29:

> If sole jurisdiction over commodity pipe lines were placed under the National Energy Board there would be no duplication of effort in administering these lines together with hydrocarbon pipe lines. On the other hand, should commodity pipe lines be placed under the Canadian Transport Commission, then in order to avoid dual jurisdiction, it would seem necessary that the commission also should be responsible for hydrocarbon as well as commodity pipe lines.

I submit that we already have a group of experts serving as members of the National Energy Board—people who are familiar with pipe lines, the possibilities and pitfalls of this type of transmission. I suggest they are quite capable of handling all questions concerning combined pipe lines.

There will not be many pipe lines built in the near future. The one which Shell Oil proposes to build will be the longest commodity pipe line in the world—from southern Alberta to the west coast. I believe the longest pipe line in existence at the present time is about 107 miles long. Another is about 70 miles long. All the other commodity pipe lines in North America run for only very short distances.

I suggest it would be more practical for the National Energy Board to handle all pipe lines where hydrocarbons are the commodities being transmitted, also that it would be more practical for that board to have jurisdiction over pipe lines which use hydrocarbons merely as a carrier for other solids, whether in capsules or in slurry.

I trust the minister will take note of my suggestion that a better definition of combine pipe lines be given, also that he will note my proposal that combined pipe lines be excluded from the provisions of this legislation and that combined pipe lines as well as oil pipe lines be administered by the National Energy Board.

• (8:10 p.m.)

Mr. Olson: I wish to support the contention of the hon. member for Calgary South, that there will be much division in jurisdiction so far as regulatory bodies are concerned. Provincial governments also have their own agencies to deal with pipe lines. The minister has said that since there are no pipe lines which would presently come under the jurisdiction of the new Transport Commission, this is only enabling legislation granting that commission power to make and enforce regulations if and when the need arises.

In the foreseeable future it is only pipe lines built for the transmission of oil that will carry other commodities. In other words they will be combined pipe lines, and under Part II of the bill the new Transport Commission would be involved with them. On the other hand, in certain cases clause 27 allows the governor in council to give sole jurisdiction over a combined pipe line to the National Energy Board. Since the National Energy Board is the only agency with experience of pipe lines, save for certain provincial bodies which govern pipe lines within a province, perhaps it should be given all the authority necessary to see that the federal law with respect to pipe lines is carried out.

Mr. Pickersgill: What the hon. member for Calgary South and the hon. member for Medicine Hat have said is largely true. The only such pipe line project that has received much discussion is the one mentioned by the Shell Company, about which it made representations to the committee. As a result of those representations we changed the bill quite markedly.

The only interest that the Transport Commission would have in a pipe line that used oil as the carrying medium for the carriage of some other commodity, would be in relation to the rates or tolls charged for the carriage of that other commodity. As the hon. member for Medicine Hat has said, apart from certain provincial bodies the National Energy Board is the only one with any experience of dealing with pipe lines. I cannot conceive the Transport Commission would in the slightest degree be interested in dealing with matters relating to the construction of a pipe line, but the National Energy Board at present has no power under the law to regulate the tolls for commodities other than oil and gas. Thus there is a gap in the law.

This question was discussed at length both at the official level and between ministers, and in deciding where the division should come it seemed to us that if we were serious about our attempt to co-ordinate all forms of transport under one body, then the new Transport Commission should be given power over toll charges for commodities carried by pipe line.

The hon. member for Calgary South spoke rather eloquently on the subject. Before long pipe lines may become serious competitors of the railways. I would not mind if they did, because anything that improves our transport

by increasing its efficiency and decreasing its costs, although it may be temporarily inconvenient for a competitor, would give a net dividend to the whole Canadian people and we should all welcome it. There should be no problem so far as combined pipe lines are concerned.

When someone comes to incorporate a company and get a charter for a pipe line, all that will happen is that one or two members of the Transport Commission will sit with the National Energy Board pro forma to hear his application, so that they will know what other commodity or commodities are proposed to be carried through the pipe line and under what sort of conditions. They will not be in the least concerned with the carriage of oil, nor will they have any right to say anything about it. Quite frankly, unless one assumes that these bodies are going to be negative and obstructive in their attitude and try to prevent progress, something which our Canadian experience does not suggest they are likely to be, then I do not anticipate any greater difficulties than if only the National Energy Board or the Transport Commission dealt with the matter.

It would be quite impossible to think of splitting the jurisdiction over the carriage of oil between the National Energy Board and the Transport Commission. That has to be under one board. On the other hand we would fail to achieve the kind of co-ordination we hope for if, with respect to the regulation of the traffic in other commodities, the new Transport Commission, which will deal with all other forms of transport, did not have jurisdiction over that.

Mr. Ballard: At present we have several oil pipe lines in Canada operated under the direction and the watchful eye of the National Energy Board. If as the result of technological improvement these oil pipe lines in the future can be made to carry capsulized solids, would the minister consider that the new Transport Commission would be committed to honour the decisions laid down in the past by the National Energy Board in terms of construction and operation?

• (8:20 p.m.)

Mr. Pickersgill: If this involves a question of existing lines carrying commodities, let me state that, so far as I am aware, no existing line can carry commodities without some adaptation in respect of valves and pumps. I am not particularly familiar with the actual operation of pipe lines, though, as a listener, during a previous parliament I had a great deal to do with that subject in this place. It is my information that all existing pipe lines would have to be adapted to the transportation of commodities such as oil.

It is inconceivable that the commission world be any more anxious than the board to impede progress of that kind. Surely that kind of progress is so patently in the national interest, the development of economic modes of transportation will not be impeded. I do not anticipate any trouble at all in this context.

We are putting the general provision in our law that no carrier may carry commodities at non-compensatory rates, and that seems to be a reasonable position. We do not want these pipe lines to carry commodities at non-compensatory rates, to put some competitor out of business. I do not envisage the likelihood of such a thing happening because it would not make sense. It is only those aspects which relate to the transportation of similar commodities by other modes of transportation which would be in the interest of the new Transport Commission.

Mr. Korchinski: I should like to ask one question arising from the minister's reply. Will there be any obligation on transportation companies to make transportation as low in cost as possible? I have in mind such things as the transportation of grain in capsule form, or perhaps coal or other solid commodities. Is there any obligation under this bill on transportation companies to develop economic modes of transport? As I read the bill before us, there is no obligation on anyone to go out and develop a cheaper method of transporting goods. The only obligation to do so results from public pressure. Can the minister give us some explanation in this regard.

Mr. Pickersgill: At the present time there is no contemplation, though there may be at some time in the future, of having the government build a pipe line. It is our hope, and frankly it is my expectation, that before very long we will observe one, two or perhaps three enterprising firms putting private capital into these lines. As a government we want to be in a position to assist them in order that they can make a go of things. We want to have a law in effect under which they may operate, and that is the only reason for Part II of the bill.

Mr. Korchinski: You see no incentive at this time?

Mr. Pickersgill: There are no commodity pipe lines in existence now.

Mr. Cantelon: Mr. Chairman, I intend to follow a course entirely different from that followed by those who have spoken so far today. I am one of those individuals who would perhaps impede progress, as the minister has put it, or obstruct progress. I am not enthusiastic about the development of commodity pipe lines because in western Canada, and in particular in the province of Saskatchewan, a great deal of industrial development is required.

In this field of industrial development we in western Canada have not done too badly, but there is a great more that must be done, and done as quickly as possible. In my opinion the development of commodity pipe lines will not add to the industrial development of my province. My feeling is that such development will accomplish exactly the opposite. Transportation will become efficient and economic to the point that products such as potash and sulphur will be moved to other areas where development will take place. I have no objection to this development taking place in Vancouver, for example. What does bother me is the thought that a great deal of the potash produced in Saskatchewan, which by 1970 will amount to about half of the world's production, will be moved to areas such as Minneapolis-St. Paul or Chicago, where it will be turned into fertilizers and other chemical products.

Germany founded its chemical industry on the production of KC1, or potash, as it is commonly known. I should like to see that same kind of chemical industry developed in the provinces of Saskatchewan and Alberta where the natural products are in abundance. We have potash and coal in tremendous quantity. Those provinces have the power to develop a tremendous chemical industry in western Canada. For that reason I do not want to see this natural product moved south by means of commodity pipe lines.

Let me hasten to add that I would not mind this product being shipped to the Pacific coast for processing, but I certainly would object to its being shipped south by cheap commodity pipe line transportation systems. If that were done there would be no incentive whatsoever for the development of this industry in those places in Canada which lend themselves to such development.

For those reasons I cannot support the provisions of Part II of this bill in respect of commodity pipe lines. I should prefer to have a provision to the effect that commodity pipe lines should be developed only when they do not obstruct the development of those areas from which the product is removed. That is perhaps Utopia, but that is my hope.

Mr. Korchinski: Mr. Chairman, perhaps I will be in direct conflict with the hon. member who has just spoken, but there are certain things we have in common. We are both concerned with the interests of Canadian people. The hon. member for Kindersley was interested in obtaining information, knowing that certain commodities are transportable by commodity pipe line.

• (8:30 p.m.)

I know there are rumours as to certain possibilities. For example, I know there are rumours of the possibility of wheat being transported via pipe line. In this regard I do not think the hon. member who has just spoken, the Minister of Transport, or even his sneering parliamentary secretary, would argue with me. I do not know why the parliamentary secretary to the minister insists on adopting this attitude. He does it continuously. I wonder whether he is doing it in the form of a joke or whether he thinks it makes him look more serious. However, Mr. Chairman, I hope he will understand that the difficulties presented by certain sections of the bill are not of the type that can be passed off in an easy manner.

I know that avenues are opening whereby some commodities can be transported via pipe line. I very much wish that certain other commodities could be transported in this way. In this regard I am thinking of the parliamentary secretary; I wish we could dispose of him by this means of transportation. I do not include the minister in these remarks, because I think he really wants to be serious about these matters. However, Mr. Chairman, I think that every one of us must realize that we may eventually be transported via pipe line. I hope this will be so.

Some hon. Members: Oh, oh.

Mr. Korchinski: Laugh as you like; but I wish the time would come when we would not have to depend upon the minister, or any parliamentary secretary to the minister who sneers all the time, for improvements in our transportation system, because they should realize the seriousness of the problem. We

must transport our commodities to the markets that are available to us. There are commodities that are very important to the economy of the country. We have to realize that there may be a new Nova Scotia coal mine that will be producing coal that needs to be transported.

Mr. Chairman, I wish the Minister of Transport would pay a little more attention to my remarks, because I am not putting forward just a western-oriented problem; in my estimation, this is a national transportation problem. The minister and I may be subjected to a great deal of ridicule in this regard, but I think one must realize that a problem in transportation is not just the concern of western members or involved with western products but is one of transporting as a country whatever products are available from whatever part of Canada. We as a unit want to say: This is Canada, and we want to do these things. I do not know whether what I have said makes too much sense. I would point out that I did not read it from any notes. Like the Minister of Transport, I want to make a speech off-the-cuff. Perhaps because of this I will be subjected to the same type of criticism as the minister.

I admire the minister for the way in which he has been able to overcome this type of criticism. Perhaps over the years I have not been able to overcome it to the same extent. But the fact is that we have a large, common problem. Whether the problem concerns a pipe line that will bring our wheat from the western part of Canada to our ports, or whether the problem is in bringing coal from Nova Scotia to our ports, I do not know. I do not know what will be necessary to make this bill and, as a result, Canada function more effectively.

I hope, Mr. Chairman, the Minister of Transport is taking these matters into account. I do not want him to think that because I am a member on the opposition side of the house, representing Mackenzie, I should be sloughed off with respect to the arguments I present. I do not want him to think that because there is another hon. member in another part of the house who may be interested in these matters, I should be slighted. Quite frankly, I do not know exactly what technical knowledge is available today to our technicians upon which they can decide how best wheat can be transported to the lakehead. I do not know what technical knowledge is available today to improve the transportation of coal from Nova Scotia to central Canada, where we need it.

All I say, Mr. Chairman, is that if this information is available, whether I explain it in the way the minister wants or whether I gesticulate in a manner that he dislikes, it does not matter to me at all as long as we make use of the information. I want the minister and the department to know that people are thinking about these problems and how we can best improve our economy in transporting commodities. I do not care whether the newspapers ridicule me. I have had the doubtful benefit of being ridiculed by the newspapers. If we have available a method of transportation that is cheaper than the method now used, and the minister is informed of it, he should tell this house today.

Mr. Pickersgill: Mr. Chairman, I think perhaps I could help the hon. gentleman quite a bit if he would allow me to interrupt him for a second. I believe that one of the advantages of passing this section of the bill would be that the commission would then be clearly told that the subject of commodity pipe lines was one of the matters under its jurisdiction. This would encourage the research side of this new commission to study the very problems that the hon. gentleman quite rightly thinks ought to be studied, and ought to be studied urgently. I think therefore he has made a very useful contribution in drawing this point to our attention.

Mr. Korchinski: Mr. Chairman, I very much appreciate what the minister has said. I do not know whether he is trying to build me up as one the useful members of the opposition; but I do not think the minister's contribution was warranted in the sense of what I really think is necessary in this connection. I believe that this type of research has always been necessary. I do not know whether the department will think this type of research is necessary because of the speech I have made. Whatever the result of these remarks upon the department, I hope for better things for the minister, as the newspapers have forecast for him.

The point is, Mr. Chairman, that I do not think the research necessary in this field is encompassed in this bill. I do not think anything is envisioned in the bill that is capable of accomplishment in the next 10 years.

Even though we hope that certain things will be accomplished, even though the government might direct research bodies to conduct

research in this direction, I do not think we will really accomplish what should be accomplished in this area. I am pointing out that what should be accomplished for the one commodity with which I am very familiar, namely wheat, will not be accomplished.

• (8:40 p.m.)

The government does not do anything for bulk commodities such as coal or motorcars. I do not care how they are shipped, the point is that the cost of transportation should be cheaper. The point I am trying to make is that a cheaper method of shipping commodities must be found. I am not familiar with the technical language; I am sure that the minister is better versed in it than I am. In fact I am sure he can talk circles around me. Can he tell me whether commodities such as wheat, shirts, coal, or even politicians can be shipped east in a cheaper capsule. I do not know how to express this, and I apologize to the house. We want the cheapest transportation possible and we are not sure that this legislation will provide it. I wall ask the minister to tell us the exact way in which this legislation will affect bulk commodities.

Mr. Kindt: Mr. Chairman, there are a few questions I should like to ask the minister. Can he clarify for us the meaning of the wording in clause 23 which reads:

No person, other than a company, shall construct or operate a commodity pipe line to which this act applies.

Mr. Pickersgill: Before we consider clause 23 perhaps we can agree to pass clause 22.

The Deputy Chairman: Shall clause 22 carry?

Clause agreed to.

On clause 23—*Construction and operation of commodity pipe line.*

Mr. Kindt: Can the minister clarify the wording of clause 23? Perhaps I could elaborate on my question. In the construction of gas and oil pipe lines I have seen situations where a pipe line was constructed by a Canadian firm down to the boundary line, and another pipe line would come up from the United States. In that case another company would have to be established to build a pipe line about half a mile long to join the other two. In some cases pipe lines constructed within a province are built by individuals, not companies. As a matter of fact a co-operative pipe line is being started in my area to distribute natural gas to a number of farmers.

[Mr. Korchinski.]

Mr. Pickersgill: I wonder whether the hon. member would permit a question, which would save us both a lot of time. Such a pipe line is entirely constructed within Alberta, I understand. Any pipe line that was constructed entirely within any province would not come under this legislation but would be incorporated by the provincial authorities. It is only if it goes beyond the boundaries of a province or of Canada that the company would have to come to parliament to get an incorporation, so that any local pipe line carrying commodities would be in the same position as one carrying gas or oil. If it is entirely within the province it would not come under this law.

Mr. Kindt: The other question which I should like to put to the minister is to ask why it should be spelled out in the act that no person other than a company shall construct a commodity pipe line? We have a lot of men who have built their fortunes on oil and it is probably true that they would establish a company before they built a pipe line.

Mr. Pickersgill: If the hon. gentleman would look back to clause 22 he would see there a definition of a company. It says there that "company" or "commodity pipe line company" means a person named in an act of parliament. Under this law he would be a company. I know this sounds kind of silly and Irish, but that would be the effect of it. All that it means is that no one who has not been authorized to construct a pipe line may do so. He cannot do so without getting prior authority.

Mr. Keays: I wonder if the minister really meant what he said when he used the words "kind of silly and Irish"?

Mr. Pickersgill: All I was suggesting was that the Irish have a gift for words that some of the rest of us are not given.

Mr. Kindt: There are one or two other points which I should like to make. There are several instances in the bill where the phrase *mutatis mutandis* is used. I should like to ask the minister first of all what is the meaning of this Latin legal term. Second, can the minister tell us whether there are no other words that could be used, so that the public can understand the bill without having to resort to a dictionary. These are concepts, and unless one has taken a course in law he would not know what they meant. Can the minister give us an explanation as to why simpler words are not used in this bill?

Mr. Pickersgill: The expression to which the hon. member referred is in clause 26. If we could pass on to consideration of other clauses I could get an explanation from the lawyers, because I would not want to give one on my own. Can we pass clause 23?

Mr. Harkness: I must apologize to the committee for not being here while the discussion on pipe lines was taking place, but I wonder whether any simple definition has been given as to what pipe lines would come under this act and what pipe lines would come under the National Energy Board Act?

Mr. Pickersgill: If the hon. gentleman would not mind reading clause 26 while we are dealing with the other clauses I think he would find that three quarters of the explanation are there, and I can do my best to give him the remaining quarter when we come to that clause.

Mr. Harkness: I have read the section but I am still not completely clear as to the distinction. Would the minister mind giving me one quarter of his explanation?

Mr. Pickersgill: Yes, if the hon. member does not mind waiting until we get to clause 26.

• (8:50 p.m.)

Mr. Bower: I think we are still on clause 22—

Mr. Pickersgill: No, 23.

The Chairman: Shall clause 23 carry?

Clause agreed to.

Clauses 24 and 25 agreed to.

On clause 26—*Tolls and tariffs.*

Mr. Pickersgill: While I am awaiting the explanation of *mutatis mutandis,* perhaps I could answer the question asked by the hon. member for Calgary North. We had some discussions on this point before the hon. member came into the committee in response to questions from the hon. member for Calgary South and the hon. member for Medicine Hat. Nevertheless I think I should repeat what I said, as nearly as I can, because this is very important.

Under the law, if an application is made for a commodity pipe line in which oil or gas is being used as the medium through which the commodity is transported, then under this act it would be a combined pipe line. Any application with respect to it, in order to save the time of the applicants and everyone concerned, would have to be heard at a joint hearing of the National Energy Board and the Transport Commission.

Now, the National Energy Board has exclusive jurisdiction over the transport of oil or gas through a line. The Transport Commission will have no authority over that whatever. The authority of the Transport Commission will extend only to the transport of the other commodity. It is my expectation, since the National Energy Board has had considerable experience in dealing with these applications, that in so far as the building of the pipe line is concerned, the specifications and everything of that sort, the new commission will rely entirely upon the National Energy Board. All the new commission would, in fact, really concern itself with would be the actual operation of the line, and only with that aspect of the operation which related to the other commodity being carried in the line.

Mr. Harkness: May I ask the minister if it is spelled out definitely either in this bill or in the National Energy Act, as he stated, that the new commission will rely entirely on the findings of the National Energy Board with regard to a pipe line of this type?

Mr. Pickersgill: Regarding the construction and specifications?

Mr. Harkness: Yes.

Mr. Pickersgill: I would think it would be very difficult to spell that out absolutely because a problem would arise if there were a pipe line that carried no oil or gas at all. I believe that the first thing that would be done by the two agencies in respect of the first application would be to lay down certain general principles that would be followed, so that when an application came forward, if one did, for a pipe line that would not carry oil or gas, the commission would know how to deal with the matter. I suspect that for a long time to come the Transport Commission would be apt to consult, perhaps even invite a member of the board to be present at any hearing for a pipe line that did not carry oil or gas, in so far as the construction and specifications were concerned. These are matters on which the National Energy Board has a great deal of knowledge. Fundamentally, all that the Transport Commission needs to be interested in, beyond making sure that proper specifications are made for safety and things of that sort, is the transport of the commodity and not the building of a line.

It is our desire, and the bill has been so framed after the closest consultation at the official level and the ministerial level between my department and the National Energy Board, that we have a practical method of doing this which is not going to incommode the public.

Mr. Harkness: I appreciate that the authority for the construction of the pipe line should rest with the National Energy Board. However, as indicated by the first question I asked, there is an ambiguous area here. I think it would be advisable, since it is not spelled out in the National Energy Act, that it should be spelled out in this bill when the committee is considering it. I wonder if the minister, and the expert draftsmen who are available to him, could produce some type of wording which would make this matter absolutely clear and definite?

Mr. Pickersgill: I suggest to the hon. member for Calgary North that clause 26(2), does precisely that. In effect, the clause says that any company operating a combined pipe line shall not charge tolls except tolls specified and approved by and filed with both the commission and the National Energy Board. Then, the provisions of sections 50 to 59 of the National Energy Act shall apply *mutatis mutandis*—I will say a word on that in a moment—in respect of the carriage by the combined pipe line of any commodity, as if the commission were referred to in those provisions instead of the National Energy Board.

I interpret that to mean that the rules that have been laid down in the National Energy Act for the governing of tolls are applied as though they were the provisions of this bill for the purpose of making tolls with respect to the commodity referred to here.

Mr. Harkness: The minister says he interprets this provision in a certain way. As he has indicated in the house on many occasions, he is not a lawyer and neither am I. Has he asked the law officers of the crown for their interpretation of this clause? I know some of the law officers have drafted this particular section, but has he asked the deputy minister of justice for his interpretation of it?

Mr. Pickersgill: The whole of this part of the bill respecting commodity pipe lines was drafted, as the hon. gentleman knows, by the Department of Justice in consultation with the officers of my department and the National Energy Board. They were specifically instructed to make sure that there was a clear definition of the functions of each, with no possibility of conflict on these matters, in so far as could be foreseen. I simply have to rely in this connection on the advice I receive. I am advised that both my department and the National Energy Board are completely satisfied we have dealt with this problem in a manner that will work. Of course, you can never tell, as the hon. gentleman knows, until you put this to the test.

Mr. Harkness: You cannot tell what the courts will do.

Mr. Pickersgill: That is right. I am advised that *mutatis mutandis* indicates that the provisions will be read with the necessary changes being made in the actual language to make the provisions apply. I think this is the reason they use Latin, they can say in two words what it means. If I could put that in my rather vulgar, colloquial English, I would think the *mutatis* meant change and *mutandis* meant changing. This means you change the clauses from one bill to the other and you make the necessary changes in words so that they will make sense without changing the fundamental meaning. I am sure the hon. gentleman understands completely.

• (9:00 p.m.)

Mr. Kindt: It is as clear as mud.

Mr. Harkness: As far as I am concerned, Mr. Chairman, I would be quite happy to leave this matter at this point. I am not talking about *mutatis mutandis*; I am talking about the statement the minister has just made and am merely expressing the hope that his interpretation of this clause is that given him by the law officers of the crown and will be accepted in the future as the meaning of the phrase, which has not always been the case with other legislation we have passed in this house.

Mr. Pickersgill: I join in the prayer.

Mr. Bower: Mr. Chairman, I would have preferred to speak on clause 22, but apparently I missed it. However, I think the kind of questions I have to raise are relevant to clause 26.

Mr. Pickersgill: I wonder whether the hon. gentleman would mind, but the hon. member for Macleod was half way through a question when I interrupted him. Would the hon. member mind letting him finish his question first?

Mr. Kindt: I thank the hon. gentleman for permitting me to complete my question. I still did not understand from the minister whether a change was going to be made, or is the wording going to remain exactly as it is? I realize that he can always consult a dictionary and find the meaning of these Latin words—and some of us here have taken Latin. But it rubs me the wrong way, as I am sure it does the people of Canada, when I pick up a statute and find certain Latin phrases used in it. Even the Roman Catholic religion is changing from Latin to English. Surely the minister does not want to allow his legal advisers to use words in an act of which the minister has to send out for the meaning. In other words, he himself is not too sure what they mean.

The reason he does not know is because they are a concept that the lawyers may interpret one way, that the minister may interpret another and that somebody else may interpret yet another way. It is like many of these economic concepts; there are legal interpretations there too.

I contend that in this kind of public statute this sort of language should not be used. I do not believe that the legal officers of the justice department should be permitted to put Latin words into this bill which the general public do not understand. I understand that the minister is going to change them; is that the thought?

Mr. Pickersgill: No; I am going to appeal to the hon. gentleman's better nature. I am trying to make what is an almost desperate effort to get a new transport bill through. I think it is asking a little more than one human being should be asked to do, all at once, to change the whole system of legal drafting at this time. If the hon. gentleman would give me 48 hours to get my bill through I will then have a hassle with the Department of Justice to see whether I can get them to go as far into the twentieth century as the Catholic Church is going. But please do not ask me to do that on this bill.

Mr. Bower: Mr. Chairman, I would have preferred to speak on clause 22, the definitions clause, which I find very puzzling. However, I think that what I am about to say is relevant to clause 26. I am puzzled about the distinction made between commodity and hydrocarbon lines. Apparently a commodity line means a line that transports solids, presumably in air or in some other medium. To me a hydrocarbon is also a commodity. I should like to point out—

Mr. Pickersgill: I think I can save the hon. gentleman and perhaps the committee a lot of time if I point out that a commodity as defined by this bill is what the bill says it is, not what the dictionary says it is. The bill says it is a commodity other than oil or gas. So it could not be a hydrocarbon; it would have to be something else. If it is just a hydrocarbon, then it does not count, as far as the way the word "commodity" as defined in the bill is concerned.

Mr. Bower: I have another point that I should like to make, Mr. Chairman. There are hydrocarbons which are solids, and the bill distinguishes between hydrocarbons and solids. There are solid hydrocarbons; for example, there is Grahamite, Gilsonite and Albertite. I know a pipe line that is presently transporting Gilsonite. A hydrocarbon can be as solid as a chunk of coal. This material is being refined in Salt Lake City. If we do not have some understanding of these terms well in hand, then later on when the act which we all hope is going to bring about a better transportation system in Canada comes into effect, we will run into difficulties of interpretation.

I should like to hear what the minister has to say about this question. How do we distinguish between a hydrocarbon which is in gaseous or liquid form and one in a solid form, which is something quite distinct? You can have solid hydrocarbons.

Mr. Pickersgill: Mr. Chairman, I think I made a terrible mistake when I allowed the hon. member to lead me down this particular garden path. It is quite obvious that I am faced with an expert, and I am just a simple country lad. I think the governing words are "oil and gas", not "hydrocarbon", so far as the definition section is concerned. I think we all know pretty well what is meant by oil and gas.

If the problem became too difficult I think the governor in council would take advantage of the clause that enables him to exempt the material in question from the jurisdiction of the transport board, and to leave it entirely to the National Energy Board, the problem being too hard for both of them to solve. I think that is the way to deal with the situation, should it become that difficult. These things are usually a lot easier to solve in practice than when we are theorizing about them beforehand.

[*Translation*]

Mr. Mongrain: Just a word, Mr. Chairman. I will not draw out the debate, because I am one of those who are beginning to admire the

heroism of the minister who is enduring that marathon or talkathon with exemplary patience.

I noted earlier that an hon. member of the opposition tried to create a scandal about the use of the expression *mutatis mutandis* and even tried to insinuate that the minister was guilty of heresy, at least according to the new principle of the Catholic church. To quiet the conscience of that hon. colleague, I would like to remind him that, in all the French dictionaries—the small ones, not the big ones—as well as in all the English dictionaries—the small ones, not the big ones—he will find the expression *mutatis mutandis*; it is a Latin term which has found its place in the French and English languages. He will also find a quite simple and short explanation of it: with due alteration of details in comparing cases.

Therefore, I feel that the minister must not waste his time scolding and taking his legal advisers to task, because they used a word which is apparently too learned. It is quite a simple word and, as I said, it is used both in French and in English. I am of the opinion, therefore, that the minister does not have to go to confession.

[*English*]

Clause agreed to.

• (9:10 p.m.)

On clause 27—*Application of National Energy Board Act.*

Mr. Olson: The minister has tried to give us an absolute assurance that the operation, construction and all those other specifications for combined pipe lines will be under the jurisdiction of the National Energy Board. Subclause 1 of clause 27 says:

> The commission has and shall exercise in respect of a commodity pipe line company and its works and undertakings the like jurisdiction, duties and powers as are vested in or exercisable by the National Energy Board—

Then, in subclause 4 we find:

> The commission may, with the approval of the governor in council, by order, upon such terms and conditions as it considers advisable, require a company operating a commodity pipe line, according to its powers, without delay and with due care and diligence, to receive, transport and deliver through its pipe line any substance capable of being transmitted therein.

This contradicts the assurance that the minister has given. We are not saying that the governor in council has not the power to confer these responsibilities on the National Energy Board; all clause 27 says is that the commission shall have authority, in so far as commodity pipe lines are concerned. Then a commodity pipe line becomes a combined pipe line if gas, oil or hydrocarbons are used in it.

I am not moving an amendment, but I draw attention to subclause 4 of clause 27. We know that there will be regulations respecting all the things involved in the standards and specifications for capsules, etc., and the terms and conditions under which a pipe line company as a common carrier will have to receive, transport and deliver things coming into its care, when this part becomes operative. Part II of the act, when it becomes operative, says that the commission will make all regulations, and it is authorized to do this under clause 27, with respect to all specifications, etc., in the way the National Energy Board makes these regulations. All I am saying is that what appears in clause 27, in so far as there will be this authority, seems at variance with the assurance the minister has tried to give this committee, saving the one part where the governor in council has the right to transfer the jurisdiction with respect to a combined pipe line, in certain cases, exclusively to the National Energy Board. The fact remains, however, that when this bill is passed parliament will have said that the commission shall have this authority, and I am apprehensive about that.

Mr. Pickersgill: I think I can clear the hon. gentleman's point quickly. Paragraph 1 refers to a commodity pipe line, not to a combined pipe line. Nobody has any jurisdiction at the present time over a commodity pipe line, and this part refers to a commodity pipe line as one in which there is no oil or gas. Somebody must have authority over a commodity pipe line. Even subclause 2 says that the commission may use the rules laid down by the National Energy Board. My opinion is that having no other rules, they would almost be bound to do that as a matter of common sense.

Mr. Olson: A few minutes ago the minister said that all these things other than pipe lines—and I refer to specifications for construction, for maintenance, for terms and conditions, and the like—would be left with the authority that has the experience with them, namely, the National Energy Board. This disturbs me.

Mr. Pickersgill: I think it would be true. I am sure that the pattern with respect to combined pipe lines would be used by the commission in so far as it would operate in respect of a commodity pipe line that was not a

combined pipe line. There must be some authority to make rulings. What I said was, not that the bill gives the National Energy Board the exclusive jurisdiction, because it does not—it quite expressly says that they must both act—but that I was sure that with a case of a combined pipe line they would follow all the rules which the National Energy Board has adopted, which are working very well. I also expressed the view, and it is supported by clause 27, that even in the case of the commodity pipe line the National Energy Board has nothing to do with it, because it does not carry oil or gas.

Even in that case they would still be almost certain, as far as possible, to use the same pattern, because it would be quite ridiculous to waste time and energy by establishing a different pattern. I am quite convinced that this sort of thing will happen. I am also pretty sure that in respect of a combined pipe line the governor in council would very likely, so far as construction and all these other matters are concerned, insist that the rules worked out by the National Energy Board be followed.

Mr. Olson: I will accept that for the moment because there is not in operation in Canada today anything to which the rules respecting commodity and combined pipe lines will apply. I accept the minister's explanation with this reservation; notwithstanding the minister's assurance, what he says does not accord completely with the written words of the clause. I hope the minister will understand that reservation.

Mr. Schreyer: I do not know if the hon. member for Medicine Hat is opposed to the substance of clause 27, but I want to express to the minister complete support for the provisions of that clause. In fact I support all that part of part II lying between clauses 22 to 28 inclusive. It seems to me that the minister and his department have succeeded here in providing for almost all contingencies. Not covered is the unforeseeable, and who can blame the minister for not dealing with that.

I am concerned with that part of the bill which will provide for an awkward or cumbersome administration of these matters. Nevertheless on a close reading of the clause it seems to me that there is sufficient flexibility here, through joint hearings and transfer of jurisdiction by order in council, to enable the commission and the government at some future date to take steps to see that there is no unnecessary bureaucratic delay. I think this part of the bill ought to be supported.

Mr. Harkness: I wish to ask a question of the minister about subclause 4, which appears to enable the commission to regulate a company to carry anything through a pipe line which is capable of being carried.

Quite a few commodities are capable of being carried through a pipe line, but some of them could be very incompatible with other commodities being normally carried. Were such a situation to arise does this legislation force the commission to say you must carry that commodity even though it will foul your pipe line and make more or less impossible the carrying of what you normally carry in your pipe line?

Mr. Pickersgill: To avoid that risk this section says that there must be the approval of the governor in council for such a requirement. The commission cannot do it of its own volition; it can only make a submission to the governor in council. If he decides to agree with this then, as the hon. gentleman knows, because he has sat on this side of the house, the minister would make that kind of regulation. But he would only make it if he were sure he was right. This applies only to common carriers. It is to make sure that a pipe line company will not refuse to carry a commodity of its competitors while carrying its own to their detriment, that is, fail to be a common carrier.

• (9:20 p.m.)

Mr. Bower: Further to the question asked previously by an hon. member on this side, I should like to ask the minister whether the approval of the governor in council would be necessary in the case of a combined pipe line when the introduction of another product, while not physically fouling the line, would add substantially to the cost of whatever was hitherto being transported. How could this type of incompatibility be resolved?

Mr. Pickersgill: Oh, this is, to me, an extreme and unreasonable situation. We shall have to assume that no government would be so silly or so careless as to allow that kind of situation to arise. The hon. member for Springfield was very charitable a few minutes ago when he said we had foreseen all that could be foreseen. I think the hon. and ingenious member for Shelburne-Yarmouth-Clare, who has embarrassed me once already, has done so for a second time. He seems to know too much. But I think there would be an appeal as far as rates are concerned if the commission attempted to set a rate which was unfair, having regard to the rate for another

commodity. There would be an appeal to the governor in council and this would have to be dealt with.

I really do not think the kind of situation which the hon. member envisages could arise. If it did, I think there would be such an awful row, politically, that the government which had been foolish enough to do this, would get its due desserts.

Mr. Bower: Would it not be possible to express the terms of this clause so as not to invite these awful rows five, ten or 15 years from now?

Mr. Pickersgill: I do not think one could ever devise any legislation which would meet every conceivable and, above all, inconceivable situation. I think I have done just about the best I can in this matter.

Mr. Bower: Is it not possible to put it in another way so as not to invite difficulties later?

Mr. Pickersgill: I do not think it is, sir.

Clause agreed to.

On clause 28—*Exemption.*

Mr. Harkness: I should like to ask the minister to tell us the purpose of this clause. Is it designed to take care of any difficulties of the kind to which I was referring a few minutes ago? The powers conferred here are broad and I am wondering whether the clause is really necessary.

Mr. Pickersgill: Where a pipe line is wholly owned by a company, and intended to carry only its own products it would need to be exempted from the provisions of 27(4). We do not wish to prevent pipe lines of this kind from operating if there is good economic reason for having them. That is one of the reasons we put in this clause. There might be any number of combinations of circumstances in which some of the provisions would be unreasonable. The hon. member will note that this, again, requires the approval of the governor in council. Obviously, anything of this sort would have to be done in public and be subject to public scrutiny so I do not think there could be any arbitrary exercise of power.

Clause agreed to.

The Chairman: The committee will now proceed to the discussion of clause 74.

[Mr. Pickersgill.]

On clause 74—*Cessation of "bridge subsidy".*

Mr. Bell (Saint John-Albert): I have gone through the clauses which are still left in an effort to be helpful. There is some indication on this side of the house that we would be willing to pass anything that is left—I imagine we will want to move on to clause 16—but that we should hold over clause 74 and clause 1 until tomorrow. The minister will recall that we had only one hour for supper. We talked about getting more than an hour, but it was still just the meagre hour we have had for the last three weeks. The members interested in this matter were not able to study the amendment fully; it is extremely complicated.

Mr. Pickersgill: I shall not attempt to resist. I accept at once. Would it be possible, then, to take clause 16 and also clause 50. Perhaps we could take clause 50 first. I do not think there will be any discussion of it.

On clause 50—

Mr. Pickersgill: I would just like the Minister of Fisheries to move that in clause 50, section 329A be renumbered 329. If my hon. friend would make that amendment and the committee would accept it, I think we could dispose of clause 50.

Mr. Robichaud: I so move.

Amendment agreed to.

Mr. Olson: Are there any other clauses in the bill which relate to 329?

Mr. Pickersgill: No. I think this would have to be done, anyway. Once we have dealt with clause 74 there are some other technical changes, editorial changes, which I think we could agree to allow the law clerks to make.

Clause as amended agreed to.

On clause 16—*Definition of "carrier".*

Mr. Pickersgill: Now, if we can proceed to clause 16 I should like to ask my colleague to move another amendment and this time, fortunately, I have it drafted. It affects page 9 and it changes a couple of "of's" to "to's" where the English was bad in 3(a) and it adds "or to the movement of commodities through Canadian ports".

Mr. Robichaud: I move:

That Bill C-231 be amended by striking out paragraph (a) of subclause (3) of clause 16 on pages 9 and 10 thereof and substituting therefor the following:

"(a) whether the tolls or conditions specified for the carriage of traffic under the rate so established are such as to create

(i) an unfair disadvantage beyond any disadvantage that may be deemed to be inherent in the location or volume of the traffic, the scale of operation connected therewith or the type of traffic or service involved, or

(ii) an undue obstacle to the interchange of commodities between points in Canada or an unreasonable discouragement to the development of primary or secondary industries or to export trade in or from any region of Canada or *to the movement of commodities through Canadian ports;* or

• (9:30 p.m.)

This is the amendment which on Friday I indicated I would like to move and that I said this afternoon I would ask the Minister of Fisheries to move.

Mr. Robichaud: Mr. Chairman, I so move.

Mr. Bell (Saint John-Albert): This is part of the package deal that the minister offered in lieu of other amendments that were proposed and, although we were more ambitious in our aim, this is a statement of intention that helps to call attention to our problems.

Amendment agreed to.

The Chairman: Shall clause 16 as amended carry.

Mr. Barnett: I wish to ask the minister one or two questions before the clause carries. I am sure he will agree that much time has been spent discussing railway matters but I do not want to pursue that aspect of the bill. He will recall that on the first clause I raised some matters in connection with water transportation which have been of concern to me for quite some time. As I said on previous occasions in this chamber, by and large transportation by water is the only form of public transportation that appears not to have fallen under the normal form of public jurisdiction that has been applied to other modes of transportation.

To people who are virtually dependant on water transportation, proper facilities and proper rates are just as important as any of the questions that have been discussed at length with respect to rail traffic. So far as I can see the only amendment dealing with the Transport Act in this bill is a purely incidental one which would provide that the name Canadian Transport Commission be used or changed to comply with the terms of this new bill. The question I ask is what changes in substance, if any, are being brought about with regard to regulation of water transport under the provisions of this bill?

The general purpose of the bill with respect to railways is to relax some of the more rigid controls which heretofore have applied with respect to their operations. I am not going to debate the pros and cons of that question. The minister and other hon. members have done so at length, but what changes does the bill introduce to provide public jurisdiction over water transport so that there may be some degree of parity in that respect?

Clause 16 and the immediate preceding clauses make some reference to transportation by water, and although the new commission will have some powers of investigation, of keeping records, making reports, and possibly making recommendations to the governor in council, powers such as existing regulatory bodies have had, I have not been able to see any alteration in real substance with respect to regulation of the carriage of goods and passengers by water. Can the minister indicate what he has in mind on this subject? If he can satisfy me, that may be the end of the matter?

Mr. Pickersgill: The hon. gentleman was quite right in speaking about this matter on clause 16 because it is really the only clause of the bill to which it is strictly relevant. As the hon. gentleman knows, the clause has been substantially amended in committee. It applies to all carriers under the jurisdiction of parliament, and not solely to railways.

Although it does not establish a system for the setting of rates, it does provide that anyone who feels that a rate which has been set is not in the public interest would have the right to appear before the board and, if he can make a case, get the rate changed. An amendment has provided a definition of certain aspects of the public interest that will be taken into account, such as the giving of undue advantage to one shipper over another where other conditions are similar.

It may well be that with the experience which the Transport Commission will gain it may feel it will have to go more deeply into this matter than has been the case in the past. As the hon. gentleman knows, up until now in most parts of Canada water transport rates, generally speaking, have been less expensive than other transport rates and thus have created no great problem, except perhaps with respect to the carriage of passengers in certain cases, of which I have had some experience myself. There is no question but that any rate represented to be contrary to the public interest would come within the purview of this clause.

Transportation

• (9:40 p.m.)

Mr. Barnett: I quite agree that in a broad and general way what the minister has said is perfectly true, but when I look at this bill I see that many of the clauses, particularly those amending existing provisions of the Railway Act, include methods by which rates are to be set and procedures are to be followed having regard to the withdrawal of existing services. I still have not been able to find where there is any means for an effective functioning of machinery in these other areas.

Let me illustrate my point by referring to paragraph (d) of subclause (1) of clause 15 which says that the commission may perform such other duties as may from time to time be imposed by law on the commission in respect of any mode of transportation in Canada, including the regulation and licensing of such mode of transportation, and so on.

As I relate that to the provisions set out in clause 16, which suggests that persons who have reason to believe they are adversely affected have the right to make representations, there does not seem to be that kind of protection set forth in respect of transportation by water as is set forth in respect of the maintenance and operation of rail services.

The minister represents a constituency in Newfoundland. When that province decided to become part of Canada one of the concerns of the people had regard to the maintenance of coastal shipping services. If my understanding is correct, in order to honour that undertaking an agreement was made that services would be maintained through the agency of the Canadian National Railways, a publicly owned transportation corporation. If it were not for that fact I think the minister might have more concern about services in other parts of Canada than he appears to have.

Certainly that is not the kind of situation which exists on the Pacific coast. The operations of the Canadian National are virtually non-existent in that part of the country. At one time there were some Canadian National steamers operating there. As one of my constituents said in a recent letter, the only service that they receive, as recently announced is to be increased by 10 per cent in cost. That is a Christmas bonus in reverse. As my constituent suggested, perhaps they should be thankful that the proposed increase is not 50 per cent.

What kind of ground rules does this bill provide whereby the 10 per cent or 15 per cent increase in cost can be justified in the interests of the carrier or its customers? These are practical concerns which I have in mind. There seems to be very little reference to this sort of thing in the bill in contrast to the very expensive consideration attached to the maintenance or withdrawal of services as far as railway companies are concerned.

Could the minister be a little more specific as to what procedures he or the governor in council has in mind, that the new commission will follow when this bill comes into effect? Will a few citizens in a community have to fight for five years in order to get a hearing regarding a local situation? Will there be any modification in substance in this regard? I hope there is something more than just window dressing here.

Mr. Pickersgill: I trust that the hon. gentleman will recognize the history of this bill. The previous bill was merely an amendment to the Railway Act. The concept of the present bill evolved between 1964 and 1966. When this matter was originally being considered by the standing committee, what is now clause 16 applied only to the railway companies. That seemed to me to be an unnecessarily restrictive way of dealing with the situation. This provision was included in the first part of the bill so that it would apply to all forms of transportation.

Having regard to the case referred to by the hon. gentleman, if the people can show that this 10 per cent freight rate increase is contrary to public interest, I am sure they would be heard by the commission. I quite agree with the hon. gentleman that this aspect of transportation has been neglected. It is my view that a thorough review of the regulations in respect of water transportation should be one of the first major research projects to be undertaken by the commission. Until work of that kind has been done—perhaps not on as broad a scale as the MacPherson report—I think we would be venturing into unknown waters in attempting to legislate beyond the very considerable advance in the law represented in this bill.

Mr. Barnett: The minister has referred to unknown waters. Perhaps we should consult a hydrographic expert in this regard. I do not wish to pursue this matter because I want to give the minister and the commission an opportunity to find out what sort of job they can do in carrying out the expressed intent of this bill.

There is one other aspect I should like to refer to. This arises from an increase in

freight rates in coastal areas of British Columbia, or at least a contemplated increase. As the minister probably knows, there have been some constitutional questions regarding the status of Vancouver Island, probably arising out of the fact that it was formerly a crown colony which joined the mainland, for better or for worse. One of the persuasive arguments for that joining was the promise that a railway would be built to Esquimalt.

It is my understanding that an application will be made within the next few days to the Board of Public Utilities in British Columbia in respect of a proposed 10 per cent increase in truck freight rates to Vancouver Island. One issue that has been raised, and I have been asked to get some information in this regard, relates to jurisdiction over transportation to Vancouver Island by water.

• (9:50 p.m.)

It has been alleged, as I understand it, that the need for this increase in truck freight rates on Vancouver Island arises in part from the cost of transporting by water from the mainland to Vancouver Island. I was informed that the Board of Transport Commissioners exercises jurisdiction in respect of railway freight moving from Vancouver Island to other ports, and that the tariffs of the railway companies are filed with the board in respect of those rates. But to the best of my ability to determine, this has not very much relationship to the freight rates. Some people say that the Canadian Pacific line across there should be regarded strictly as part of the railway and subject to jurisdiction directly in regard to all forms of goods or modes of carrying goods on their lines. But I understand this is not a matter that has, strictly speaking, been established under federal law.

Can the minister give me any clarification as to the application necessary, if any, in terms of this bill and the activities of the new Transport Commission in dealing with a situation such as this, which in part lies, and I presume will still lie, with the Public Utilities Commission of British Columbia, the body which deals with intraprovincial trucking rates?

Mr. Pickersgill: Mr. Chairman, I think the only answer I can give to the hon. gentleman, and I do it sadly, is no. I do not think I could give him any opinion that would be worth what it would cost, and that would be nothing. The conundrum the hon. gentleman has put is so complicated that it is completely beyond my capacity to explain. But it is something that I think the new Transport Commission would have to wrestle with.

Mr. Barnett: Mr. Chairman, the minister knows that Vancouver Island has been an island for quite a long time. Until the minister follows through with a suggestion that we discussed earlier about a causeway or tunnel to Vancouver Island, this is a pretty important question to some 300,000 people who live on that island. I hope the minister means it when he says he will have the new Transport Commission look into this problem. I would not quarrel with his suggestion that it is a complicated matter. I have been baffled by it and do not suggest that I have a constitutional or legal answer to the problem. Nevertheless it is a very real problem to these people, and I am sure that the minister, representing people who live on an island, appreciates the problem and will have this matter studied by the new Transport Commission, perhaps in consultation with bodies like the Public Utilities Commission of British Columbia.

Mr. Woolliams: Mr. Chairman, I have just one question to ask the minister. I think I have asked only one other question in connection with this whole bill. I believe this one was dealt with previously in regard to clause 16(1) which concerns commodity pipe lines. I notice that the definition of commodity pipe lines excludes oil and gas, which is under the jurisdiction of the National Energy Board. I take it the minister can say definitely that it does not apply to oil and gas. I would point out that I am being brief with my question. As I understand it, this clause will not apply to oil and gas transmission lines, or one or the other.

Mr. Pickersgill: That is right.

Mr. Bell (Saint John-Albert): Mr. Chairman, I am trying to get some problems unravelled and I think the minister may be able to help. The amendments made—I am going back in *Hansard* now—by the hon. member for Springfield and the hon. member for Acadia were dealt with in what way? What happened to them?

Mr. Pickersgill: They have been passed. One of them has been further amended by my hon. friend the Minister of Fisheries to include the amendment; but that was really an amendment to the clause as amended. So that we passed the amendments that were put in when we were dealing with this clause before, and one of them has been further amended to

include the reference to ports. This is the amendment the committee just adopted.

Mr. Bell (Saint John-Albert): Mr. Chairman, I appreciate the discussion as to ports that was brought on originally by the amendment to clause 1. I want to say something about that later. But I should like to straighten my thinking on the situation. My question is really prompted by a question of the hon. member for Kindersley who asked about the Manitoba amendments. I would point out that if I had the whole of new clause 16, it would be helpful. Could I ask merely what happened to the two amendments that were made, first by the hon. member for Springfield and second by the hon. member for Acadia?

Mr. Pickersgill: Mr. Chairman, I thought I had with me the clause as amended up to now. I am sure I have it somewhere; but I am getting to the stage of having such an accumulation of papers that I cannot find it.

Mr. Cantelon: Mr. Chairman, perhaps I might clarify the point we have in mind. As reported at page 11623, the hon. member for Acadia wanted to make an amendment. This is to be found in the right hand column of that page, about two thirds of the way down the page, as follows:

> That after the words "may prejudicially affect" in line 32 of clause 16 (b) the following words be inserted "the business of the complainant or"

This was before the words "the public interest." I asked a question at the time in connection with this matter, namely whether the question of the public interest was protected.

Mr. Pickersgill: Mr. Chairman, that amendment was withdrawn; it was not pressed by the hon. member, if I remember correctly. A consolidated amendment was adopted by the committee and passed upon the suggestion of the hon. member for Acadia, the hon. member for Peace River and the hon. member for Springfield. These changes were all put together into a single amendment. I am speaking from memory, and I wish someone would send me a copy of the clause as revised. I ought to have it here. These changes were all put into one amendment, and that clause as amended has been tonight further amended by adding a few words at the bottom with respect to the ports, as part of the previous amendment.

Mr. Cantelon: That is the matter in which I am particularly interested, Mr. Chairman. I hope we can have those amendments before us before this clause is finally passed.

Mr. Pickersgill: I think the document is on its way to me now, Mr. Chairman. I am sure it is in *Hansard*, if someone could find it.

Mr. Bell (Saint John-Albert): Mr. Chairman, the hon. member for Springfield was concerned in this amendment. The problem is that I cannot find the record in *Hansard*. Of course, it may appear in later editions of *Hansard*; I have only looked at three or four days. It may be that the record shows the withdrawal of the amendment. This is the difficulty with a bill of this complexity.

Mr. Schreyer: Mr. Chairman, while the minister is waiting for the document to arrive I think I can explain what happened with respect to clause 16. As is shown at page 11623 of *Hansard*, I was about to move an amendment to clause 16 and found that at the time an amendment was apparently before us. Therefore I did not move my amendment. Later I was dissuaded from doing so by the minister, who assured the committee that the intent of the proposed amendment would be incorporated in the wording of clause 16. Could I suggest to the minister that, as we have to hold the bill over for clauses 1 and 74, he undertake to show us the revised clause 16 tomorrow, rather than passing it now?

• (10:00 p.m.)

Mr. Pickersgill: If that is the desire of the committee, I hope it will not breed another debate on clause 16, but I can only express my hope. I will be very glad to have a copy made of it as it was amended previously and as it has been amended further tonight and I will have enough copies tomorrow to be circulated generally. Perhaps I should not ask to have it passed but I could make a deal. Perhaps hon. members could agree to pass the schedule which we forgot the other day after we reached clause 94.

The Deputy Chairman: Shall the schedule carry?

Schedule agreed to.

Mr. Pickersgill: Mr. Chairman, may we revert to clause 1?

On clause 1—*National transportation policy.*

Mr. Pickersgill: I should like to move an amendment on clause 1 which is the same as the amendment to clause 16.

Mr. Churchill: Will the minister have exhausted all his amendments by the time we pass the bill? He seems to have a whole sheaf of them.

Mr. Pickersgill: I have here a new printing of clause 1 and I would suggest that it be inserted in *Hansard*.

Mr. Woolliams: Can the minister inform us whether the amendment to clause 1 will have any effect on clause 74?

Mr. Pickersgill: None whatsoever, but I wish to put it on record so that everyone can see it. Perhaps the simplest way would be to ask that clause 1 be withdrawn and the new clause substituted in its place.

Mr. McIlraith: I move:

That Bill C-231, An Act to define and implement a national transportation policy for Canada, to amend the Railway Act and other Acts in consequence thereof and to enact other consequential provisions, be amended by striking out Clause 1 on page 1 thereof and substituting therefor the following:

National transportation policy.

"1. It is hereby declared that an economic, efficient and adequate transportation system making the best use of all available modes of transportation at the lowest total cost is essential to protect the interests of the users of transportation and to maintain the economic well-being and growth of Canada, and that these objectives are most likely to be achieved when all modes of transport are able to compete under conditions ensuring that having due regard to national policy and to legal and constitutional requirements

(a) regulation of all modes of transport will not be of such a nature as to restrict the ability of any mode of transport to compete freely with any other modes of transport;

(b) each mode of transport, so far as practicable, bears a fair proportion of the real costs of the resources, facilities and services provided that mode of transport at public expense;

(c) each mode of transport, so far as practicable, receives compensation for the resources, facilities and services that it is required to provide as an imposed public duty; and

(d) each mode of transport so far practicable carries traffic to or from any point in Canada under tolls and conditions that do not constitute

(i) an unfair disadvantage in respect of any such traffic beyond that disadvantage inherent in the location or volume of the traffic, the scale of operation connected therewith or the type of traffic or service involved, or

(ii) an undue obstacle to the interchange of commodities between points in Canada or unreasonable discouragement to the development of primary or secondary industries or to export trade in or from any region of Canada or to the movement of commodities through Canadian ports;

and this Act is enacted in accordance with and for the attainment of so much of these objectives as fall within the purview of subject matters under the jurisdiction of Parliament relating to transportation."

The Deputy Chairman: Is it agreed that the new clause 1 be substituted for the original clause in the bill?

Some hon. Members: Agreed.

Amendment agreed to.

Clause 1 as amended stands.

Mr. Bell (Saint John-Albert): Mr. Chairman, there is a point which I should like to make, because it may forestall debate on clause 1 tomorrow, it also has implications on clause 16 and, as I have mentioned before, this amendment is partly the result of representations we made. I do not wish to leave an impression on the record that my comment is very profound but I would point out to the minister that some phrases such as "undue obstacle" and "unreasonable discouragement" leave me cold. These phrases somehow create the impression that the maritimes will be getting something that they did not have before. We still have the same geographic difficulties. I agree with what the minister is doing regarding the setting up of the final debate for tomorrow and I do not think it will be a long debate.

Mr. Pickersgill: If I comprehended correctly the wishes of the committee, the order in which we will take the clauses tomorrow will be to take first, clause 74, second, clause 16 and finally clause 1. If that is the general wish of the committee perhaps that could be understood so that there will be no difficulty tomorrow.

The Deputy Chairman: Is it so understood?

Mr. Schreyer: I have one last question with regard to procedure on this bill. There was a certain amendment made to proposed section 314D, subsection 4 of the bill, and the amendment was accepted. I believe it was referred to

the law officers for what you would call drafting amendments. Before we actually pass the bill in committee tomorrow, I am wondering if the minister would agree to circulate a few copies of the new subsection 4 of section 314D?

Mr. Pickersgill: Yes, I would be glad to do that. I think we did actually tidy it up at the very end on Friday, in that exercise we went through.

Mr. Schreyer: I could check *Hansard*, but I do not believe it is in there.

Mr. Pickersgill: In any case, I will do what the hon. gentleman has suggested and get some copies. I trust that someone is making notes of these things that are to be available tomorrow. The clause was passed, and I do not believe there is any question about that.

I am grateful to hon. gentlemen for the tidying up of these last few items. Perhaps there is one other thing upon which we might have an understanding tonight. I am informed by the draftsmen that there are changes in the numbering of the clauses consequent upon the amendment to clause 74. If it could be agreed by the committee that these editorial changes could be made by the Law Clerk and the draftsmen before the bill is printed for third reading, I think that would save a lot of time, rather than going through a lot of minor, technical amendments that would have no consequence other than making the bill intelligible.

Mr. McCleave: The repository of the third super-authority in this area, the Law Clerk of the House of Commons, Dr. Ollivier, exercises that right all the time and says it is inherent in his office. We had this out in the committee earlier, so I think that can be done without making a specific request.

Mr. Pickersgill: I just did it for greater certainty.

Mr. Deachman: In so far as providing copies for tomorrow is concerned of some of the lengthier amendments, I wonder if several copies could be made for this side of the house? There are some of us who are following the bill with keen interest, *mutatis mutandis*, with members on the other side.

Mr. Pickersgill: I shall endeavour to anticipate the unforeseeable and get copies for everybody.

The Deputy Chairman: Is it understood that tomorrow when the committee resumes the order of consideration of clauses will be 74, with an amendment; 16 as amended, and clause 1 as amended?

Some hon. Members: Agreed.

Progress reported.

BUSINESS OF THE HOUSE

Mr. Knowles: Tomorrow?

Mr. McIlraith: Mr. Speaker, tomorrow we propose to continue, and I hope complete, the committee stage of the legislation which was occupying the time of the house today. Then we will proceed to order No. 117, the bill to amend the Judges Act. Then there are two references to the committee on privileges and elections. Then there is the Canadian National financing bill, order No. 79 on the order paper.

• (10:10 p.m.)

Then there is item 62 on the order paper, a bill to provide for the establishment of a Canadian Film Development Corporation; the resolution in relation to the adoption of "O Canada" as the national anthem of Canada and "God Save the Queen" as the royal anthem; the resolution to set up a special committee to deal with the temporary rules and other related reforms. That will be enough for tomorrow.

PROCEEDINGS ON ADJOURNMENT MOTION

Mr. Speaker: Before putting the adjournment motion to the house, earlier this evening it was announced that one of the questions to be considered during the adjournment debate, in the name of the hon. member for Bow River (Mr. Woolliams), was allowed to stand. By agreement a question standing in the name of the hon. member for Comox-Alberni (Mr. Barnett) has been substituted, with the agreement of course of the hon. member for Bow River.

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

EDUCATION—TORONTO—POSSIBLE CLOSING OF SCHOOLS FOR IMMIGRANT CHILDREN

Mr. Andrew Brewin (Greenwood): Mr. Speaker, on January 13 I inquired of the Minister of Manpower and Immigration about a request presented to the government from the Toronto board of education for financial support from the federal government for language schools for immigrant children which

were threatened with closure for lack of funds.

One such school is known as the Main Street school in the east end of the city of Toronto. This one school alone provides accommodation for 132 pupils at a time. It gives special training to children of immigrants in the 13 to 17 year old bracket, so that they can be integrated into the regular school system. They stay at this special school as long as necessary so as to be able later to take full advantage of education in the ordinary system. The average stay of these pupils is six months, and in one year roughly 250 children of immigrants are taught English in order to fit them for ordinary schooling. The additional cost per pupil is roughly $538 per year, nearly double the ordinary cost of schooling. The total additional cost per year, therefore, is in the neighbourhood of $134,000.

I am raising this question, Mr. Speaker, as a matter of principle. It is my contention that the federal government, by reason of its responsibility in the field of immigration, has a duty to encourage and assist local authorities to shoulder this burden. In his reply the minister once again hid behind the tattered cloak of constitutional lack of responsibility, and as reported at page 11755 of *Hansard* said:

> I think there is no federal responsibility in the field of language training in schools, even for immigrants.

I think the minister is wrong.

No one denies that the field of education generally belongs to the provinces. No one, at least not I, is suggesting that this be taken away. But it is the federal authority that seeks to encourage the admission of suitable immigrants to this country and that controls the flow of immigrants. It is the federal government that quite properly provides that immigrants are entitled and encouraged to bring their children and their families to this country. It is the federal government that recently published a white paper on Canada's immigration policy.

At page 139 of the white paper it is stated that people who come to Canada should receive the kind of services that they need to start productive employment in Canada. This, it says, means that they need language training. I suggest that obviously this does not apply to adults only; the entire white paper on immigration is geared to the idea that productive employment in the future will be based on literacy, education and adaptability.

If children between the age of 13 and 17 years who come to Canada as immigrants with their parents are to be handicapped in their education by a deficiency in or lack of knowledge of the English language, this will affect their contribution to productive employment very likely throughout the whole of their working lives.

• (10:20 p.m.)

Chapter 6 of the white paper, which starts by extolling the virtues of co-operation, ends with these words:

> Above all, satisfactory ways of improving language teaching facilities will be sought.

They will be sought by the government.

I suggest that one is entitled to wonder whether the Minister of Manpower and Immigration has read the white paper put out by his department. Discussing this matter, the *Globe and Mail* in an editorial on January 7 said this:

> Manpower Minister Jean Marchand should be, if necessary, shamed into a similar position.

The editorial refers to a position of giving financial support to the maintenance of such schools.

Mr. Speaker, I hope even if my words are not sufficient to shame the minister, some members of his own party coming from constituencies where there are many immigrants and children of immigrants will shame the minister into changing his position. Certainly a government which trains adult immigrants and teaches them English, a government which accepts responsibility for training children of persons in the armed services, a government which I understand spends roughly $50 million a year on the education of Indian children, cannot shirk its responsibility for assisting immigrant children under the pretext of some imagined constitutional impotence. I hope the minister will consider this question carefully and announce a change of policy.

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): Mr. Speaker, the reply of the Minister of Manpower and Immigration given on Friday, January 13, 1967, is so clear and reasonable that I must confess some surprise that the hon. member for Greenwood should raise this question here tonight. The hon. member has chosen to demonstrate that he is a lawyer, by scoffing at the law of the constitution as a tattered veil.

The minister is eager that all residents of Canada have the education or training they need to lead good lives in this country. This of

course is obvious. I think even the hon. member for Greenwood would admit that a line must be drawn between those areas in which the government of Canada has a right to act and those in which the provinces have a right to act. The fact that a course of training or education will enable the person to enter into productive work in the economy sooner or later simply will not suffice as a definition of the federal area, because such a test—and this I think is what the hon. member proposes —would permit the federal government to swallow up all training and education.

I am told that the Department of Manpower and Immigration recognizes that the training of adult immigrants who are members of the labour force, and who need such language training to improve their opportunities for employment, is its responsibility. I am also told that the department takes the view that language training for children, whether immigrants or persons born in Canada, is not its responsibility.

There is no doubt that language schools for immigrant children are especially desirable. Consequently I think the chairman of the Toronto Board of Education ought to take this matter up with his provincial government. Recognizing that the government of Canada may have some special interest in immigrants, the Minister of Manpower and Immigration would be willing, once the board had raised the matter with the province and if the province decided to take the initiative, to discuss the matter with the appropriate provincial authorities.

[*Translation*]

AGRICULTURE—QUEBEC—REQUEST FOR PRICE DISCOUNT TO MILK CONSUMERS

Mr. Gérard Laprise (Chapleau): Mr. Speaker, on January 19 last I put the following question to the hon. Minister of Agriculture (Mr. Greene):

> The minister is undoubtedly aware that the Quebec government has decided to increase the price of class I milk starting on February 1, 1967. Therefore, would he study the possibility of granting consumers a compensated discount of 10 cents per quart of milk to allow Canadian families to consume the milk they need for their health, especially that of their children?

Indeed, Mr. Speaker, the Quebec government has just issued orders increasing the price of fluid milk for consumption purposes to $6 per hundredweight and, in certain areas, to as much as $6.65 per hundredweight, which will put the retail price up to 35 cents a quart.

[Mr. Stewart.]

It is not that producers are overpaid, far from it, because farmers have to satisfy milk production requirements that are becoming more and more exacting. They had to invest large amounts of money in order to improve their herds, and we all know that the cost of equipment, machinery and services required by farmers is constantly increasing, and we want farming to become a profitable undertaking.

But can the consumers bear the burden of this new increase in food cost? Each increase in the cost of living means a decrease in purchasing power, which is even now at a very low level. It is my fear that, as a result of this increase in the price of milk. consumption of the product will decrease considerably and children may be deprived of this commodity, so essential to their development. The October 1966 issue of *Canadian Farm Economics* contains the following statement at the bottom of page 3:

> In the first semester of 1966, fluid milk consumption increased by about 1 per cent. Sales vary considerably from one area to another. A steady increase is expected in British Columbia, Alberta, New Brunswick and Ontario. In the other provinces, there has either been no change at all, or a very slight increase in sales. Consumption in Quebec has decreased, however.

The total sales of fluid milk in 1966 will probably not exceed the 5.2 billion pounds, I repeat, the 5.2 billion pounds sold last year.

Now, if the consumption of fluid milk decreases—no later than in 1962, 19.4 billion pounds of fluid milk were produced, whereas the expected production for 1967 will only be 18.2 billion pounds—producers will not be any better for it and everybody will lose by it.

Under a truly human and orderly economy, the purpose of production is consumption, and the latter must normally absorb the former. In order that milk production may reach the consumer and the latter may consume all he needs, the price must be within his means.

It is obvious, Mr. Speaker, that the spread between the price required by the milk producers—and the same could be said of many other products—and the price the consumer is in a position to pay is increasing more and more, and a reduction on fluid milk consumption will force the farmers either to reduce their production or to ship it to processing, which will reduce the returns. Let us avoid the grievous mistake of irritating the consumers and diverting them to less valuable products which will be accepted to the detriment of dairy farm sales and income.

To balance production and consumption prices and to enable the consumers to purchase milk at a reasonable price, the government should grant a compensated discount of 10 cents a quart on milk sold for fluid consumption, which would bring the price down to a reasonable level without reducing the producers' profits.

It will be remembered that, at the beginning of the 40's, a subsidy was granted on fluid milk. This had allowed an increase in the income of dairy farms and had promoted a greater consumption.

The minister will perhaps answer that this will cost many millions of dollars, but I would point out that consumers need milk, that it is produced that production could be increased. If the minister is short of credit, he needs only to turn to the Minister of Finance (Mr. Sharp) and ask him to open the doors of the Bank of Canada. Thus, he will not have to levy new taxes. I will remind the minister that we give every year many millions of dollars to underdeveloped countries; while we are ourselves are becoming an underfed country. We can produce more and there is no reason why our people should be deprived of an essential commodity because of a lack of purchasing power.

When any area is prevented from producing according to the needs—

Mr. Speaker: Order. I regret to interrupt the hon. member, but the time put at his disposal by the standing order is now over.

Mr. Patrick-T. Asselin (Richmond-Wolfe): Mr. Speaker, the minister has asked me to answer this question in his absence and in the absence of his parliamentary secretary.

The matter raised by the hon. member for Chapleau (Mr. Laprise) comes exclusively under the jurisdiction of the provincial government.

This matter stems, of course, from the announcement made by the Quebec Control Board that the price of bottled milk will be $6 per hundredweight.

Naturally, the policy to be followed by the federal government in this regard will be announced before the dairy year begins, that is before April 1 next.

Mr. Speaker: Order. Now that the hon. member has completed his remarks, I must inform the house that, according to standing orders, only the minister, or a parliamentary secretary speaking on behalf of a minister, can answer a question put on the motion for adjournment.

I am sure the hon. member for Chapleau, who put the question, was satisfied with the answer provided by the hon. member who has just resumed his seat, but I think I have to inform members present of this rule.

[*English*]

INDIAN AFFAIRS—BRANTFORD, ONT.—DECIDING VOTE CAST BY RETURNING OFFICER

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, on January 13 I addressed this question to the Minister of Indian Affairs and Northern Development, as recorded at page 11759 of *Hansard*:

> I should like to ask the minister whether he has been made aware of the unhappiness and concern that have arisen over the situation of an Indian agency superintendent acting as returning officer, having to cast a deciding ballot in the Brantford reserve elections. If so, can he inform the house what steps he has in mind to avoid a recurrence of this unfortunate incident?

On the assumption that I wanted some detailed information about the situation on the Brantford reserve Your Honour suggested that I put the question on the order paper. However, since what I really had in mind were the broader questions which arose from the occurrence of this incident, I asked that the matter be put down for discussion at this time.

The fact that this expression of interest and concern took place is symptomatic of two things, first the growing desire of the Indian people for a broader and more complete measure of self-government within their bands, and second a growing awareness on the part of non-Indian people that this broader measure of self-government is something that the Indians of Canada should have.

When I read the report of this incident it seemed to me it was one of those rather unusual events which my own returning officer once told me was a nightmare for all returning officers, namely having to cast a deciding ballot in an election. In this case it must have been particularly embarrassing for the Indian agency superintendent, because obviously there was balanced opinion between members of the band as to who should be their chief councillor and he, as a non-Indian and public servant of Canada, was placed in the position of declaring in which direction he himself felt the choice should be made.

• (10:30 p.m.)

It does seem to me that the Indian agency superintendent was acting in this capacity in line with the symbolic and traditional status

of Indians; that is, wards of the Queen. In this regard I think the situation is not all it might be.

I will agree that during a transitional period, directed toward increased self-government within Indian bands, some help and assistance in the techniques of elections and the exercise of what is considered by non-Indians to be the process of democracy, should be made available. However, I do believe that some steps should be taken to avoid the possible recurrence of this kind of situation.

It is my hope that the minister will consider that in the matter of band elections it would be desirable to select someone not engaged in the Indian affairs branch of his department as a returning officer, preferably someone chosen by the members of the band, and preferably an Indian—either a member of that band or of some other band.

It does seem to me that such a step would be a step toward making it clear that those of us here in parliament, and particularly those of us who hope that the functions of the Indian affairs branch will in the present and foreseeable future undergo a rather rapid transformation in its basic functions, have a desire that Indians should become self-governing. I am interested now in hearing a reply from the minister as to what steps he has in mind regarding the situation which has developed on this particular reserve.

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, this matter raised by the hon. member for Commox-Alberni (Mr. Barnett) relates to a vote which took place for the position of band chief of the Six Nations Reserve on December 17 last. As a result of that election Mr. Richard Isaac and Mr. Keith Martin were tied with 123 votes each.

I am of the opinion, as the hon. member indicated, that in such cases the lot of a returning officer, like that of a policeman, is not a happy one. That is no doubt why successive governments have been extremely careful in appointing returning officers for our elections, so that if a situation like this arose they would know enough to do the right thing.

The situation here was unfortunate, in that we had foreseen this difficulty as a result of a similar tie vote and had circularized all Indian bands in Canada with the suggestion that we did not want our people involved. We asked them to see to it that an Indian be appointed as the returning officer.

The band met on this point on December 1. The result was that they insisted that our agency superintendent, Mr. Cassie, act as returning officer, which he did. We are now trying to break the tie by having a recount of ballots, and we have asked for an identification of the difficulties experienced in respect of those ballots that were spoiled.

In the meantime we have suggested to our superintendents that wherever possible an Indian should be appointed as a returning officer and, if necessary, the superintendent should act as deputy returning officer in order to give the required assistance. We have also asked the National Indian Advisory Board for its views of the suggestion that we enact a regulation to make this procedure mandatory; in other words make it mandatory that a member of the band be appointed as the returning officer.

In the case now under review, Mr. Keith Martin, the unsuccessful candidate for chief, has submitted an official appeal. This is currently under consideration, and as one preliminary step we have asked that the ballots be re-examined by the electoral officer who will provide a physical description of the spoiled ballots. As an adjunct of the re-examination, all the ballots will again be tabulated and recorded before appropriate witnesses.

In conclusion, I might mention that a similar situation arose in the Six Nations election in December, 1963. At that time Mr. Keith Martin, who is appealing the latest by-election, ran as a councillor in district No. 4. On that previous occasion Mr. Martin tied with another candidate for councillor and it was necessary for the electoral officer to cast a deciding vote to break the tie. In that instance the then superintendent, in his capacity as electoral officer, voted in favour of Mr. Martin.

I think our people would very much like to be rid of this responsibility, and we think we can bring this about by amending the regulations. In this regard we want the approval of the National Indian Advisory Board. I thank the hon. member for raising this matter.

Motion agreed to and the house adjourned at 10.38 p.m.

HOUSE OF COMMONS

Tuesday, January 24, 1967

The house met at 2.30 p.m.

CANADIAN BROADCASTING CORPORATION

STATEMENT RESPECTING INCORRECT INFORMATION REGARDING MOTION FOR PAPERS

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, on Thursday, January 12 the hon. member for Skeena raised a question of privilege in connection with notice of motion for the production of papers No. 191.

I have investigated the complaints made by the hon. member on that occasion and again yesterday, and I should like to apologize on behalf of the C.B.C. for the misunderstanding which led the hon. member to raise his question of privilege. The C.B.C. erroneously understood that the motion applied only to correspondence between the C.B.C. and other employers not associated with the corporation. This information was conveyed to the hon. member in perfectly good faith by my colleague the Associate Minister of National Defence on January 11. I regret the confusion this situation created.

As to the notice of motion for the production of papers, the C.B.C. has submitted that it has not been customary to require the corporation to produce such correspondence which is basically related to its detailed management and administration, and for that reason had not considered such correspondence was covered by the motion.

Since I have a ministerial responsibility to report for the C.B.C. I wish to express to the hon. member for Skeena and to the house my regrets for this inadvertent situation which has arisen.

Mr. Frank Howard (Skeena): Mr. Speaker, that statement is quite acceptable, but I do not know whether the apology should be directed to me any more than to this house as a whole. However, I assume a responsibility now falls on me to do something with this motion which I moved on the basis of my earlier information. Before I do so perhaps we could get an indication as to whether the government intends to accept the original motion for the production of correspondence.

Miss LaMarsh: As I said, it appears that this involves a matter of internal management, and it has not been the custom in the past to produce such documentation.

Mr. Speaker: Order, please. The hon. member knows that he now has an opportunity to put the motion again, if he wishes to do so. Insofar as the question of privilege is concerned, in view of the explanation given by the minister it is obvious that there was no intent to mislead the house in any way. Therefore there is no prima facie case of privilege.

Mr. Howard: Perhaps I could raise another matter, Mr. Speaker. The situation being as it is, perhaps the notice of motion should automatically be restored to the order paper, since it was withdrawn as the result of a misunderstanding.

Mr. Speaker: I am afraid I cannot agree with the suggestion. The hon. member can very easily put this motion again on the order paper.

Mr. Howard: With all respect, Mr. Speaker, today is Tuesday and tomorrow is the next opportunity to put notices for papers on the order paper. This does not allow 48 hours in order that we can deal with this motion. In light of the comment by the hon. minister perhaps—

Mr. Speaker: Order, please. The hon. gentleman's point is quite clear. Perhaps we can solve the problem in this way. With the unanimous consent of the house, and I am sure there will be no difficulty in this regard, the motion can be placed on the order paper without notice. Is it agreed?

Some hon. Members: Agreed.

DIVORCE

SUBSTITUTION OF NEW PRINCIPLE FOR DISSOLUTION OF MARRIAGE

Mr. Andrew Brewin (Greenwood) moved for leave to introduce Bill No. C-264, entitled Divorce Act 1967.

Some hon. Members: Explain.

Inquiries of the Ministry

• (2:40 p.m.)

Mr. Brewin: Mr. Speaker, the purpose of the bill is to substitute a totally new principle as the basis for dissolution of marriage. The bill substitutes for the concept of matrimonial offences the concept of the irretrievable break-up of a marriage. As the house knows, generally speaking adultery is still the sole ground for divorce. There are a number of bills before the joint committee on divorce which would expand the grounds. It is proposed in this bill to substitute a new principle altogether which has been put forward to the committee by the United Church of Canada. The purpose of the bill is to codify this new approach.

Motion agreed to and bill read the first time.

FINANCE

TERMS OF REFERENCE OF TASK FORCE TO STUDY FOREIGN OWNERSHIP

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to ask the Prime Minister whether the order in council setting up the task force under the chairmanship of the Minister without Portfolio, the former minister of finance, has been tabled as yet. Is the Prime Minister able to say whether the order of reference will be wide enough to enable this task force to study foreign ownership and foreign investment in Canada, and in particular whether the infringement of sovereignty represented by this government's agreement to the guide lines laid down in Washington will form part of the investigation?

Right Hon. L. B. Pearson (Prime Minister): No order in council has been passed setting up the task force. Indeed, I doubt whether an order in council is required for an inquiry of this type. However, I will look into that. In any event, none has been passed yet.

As to the terms of reference of the proposed inquiry being supervised by the committee of ministers, perhaps I could read the sentence which covers this matter:

As a further measure,—

Following the steps that have been taken in respect of guide lines.

—a committee of ministers has now been set up to examine the structure of Canadian industry, with special reference to foreign ownership and control—

The study will include the significance—both political and economic—of foreign investment in the development of our country, as well as ways to encourage greater Canadian ownership of our industrial resources while retaining a climate favourable to the inflow of foreign investment—

[Mr. Brewin.]

These are the terms of reference which will guide the committee in its work, and the interdepartmental committee has a task force which will be working with it.

Mr. Diefenbaker: Mr. Speaker, is the press correct in its belief that in this set-up the Minister of Finance will occupy a supernumerary position that he may watch over the former minister of finance, the present Minister without Portfolio? If so, who then is charged with watching the present Minister of Finance.

Mr. Pearson: The right hon. gentleman seems to have a very suspicious mind these days.

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask a supplementary question in two parts, Mr. Speaker. Are there to be any more specific terms of reference for the cabinet committee or task force? Second, does the appointment of this cabinet committee in any way involve any delay in proceeding with legislation to set up the Canada Development Corporation, or can the Prime Minister assure the house it is the intention of the government to proceed with this legislation either at this session or during the new session?

Mr. Pearson: On the first point, I think the terms of reference are quite adequate for the kind of inquiry the cabinet, through a committee of ministers wishes to make. In answer to the second part of the question, I will be making a statement on motions tomorrow about a program of legislation for the rest of this session and after prorogation for the new session, which will probably go some way to answer my hon. friend's inquiry.

Mr. Douglas: A supplementary question. May I ask the Prime Minister, first, whether the task force referred to which is to work in turn with an interdepartmental committee of senior civil servants, will be made up of economists from outside the government service, and how soon we may expect a report as to the personnel of this task force. Second, when is the white paper resulting from this investigation likely to be placed before the House of Commons?

Mr. Pearson: Mr. Speaker, the task force, which has not yet been set up but which will be very shortly, will consist of economists from outside the government service, experts

in this field, who will be able to give their full time to this inquiry, working with an interdepartmental committee. I have no idea how long they will require for their initial investigations, which will then be submitted to the committee of ministers. However, I hope this will be done with the least possible delay.

I should add, because perhaps my previous answer did not cover the question, that there is nothing in this work which would interfere with any program of legislation we already have in mind, including the item mentioned by my hon. friend.

Hon. D. S. Harkness (Calgary North): A supplementary question, Mr. Speaker. In view of the fact that it is not customary or in accordance with our practice to announce the personnel of cabinet committees, I should like to ask the Prime Minister why this ordinary practice has been departed from in this case.

Mr. Pearson: Mr. Speaker, the reason is that this is not a cabinet committee, as the statement made clear. This is a committee of ministers. This action has been taken in the past, as distinct from an ad hoc or permanent cabinet committee, in which case the names of the members are not announced.

Mr. Frank Howard (Skeena): A supplementary question. May I ask the Prime Minister whether the hon. member for Davenport is the same individual who headed up a royal commission on Canada's economic prospects, and did he not deal extensively with that situation at that time?

POWER

COLUMBIA RIVER—PROPOSED FURTHER DEVELOPMENT BY U.S.

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Minister of Energy, Mines and Resources; I know he is looking forward to it. In view of glowing press statements in Washington with respect to the proposed increase in power at the Grand Coulee dam and of criticism of this unexpected development by hydro engineers in Canada and in various articles in professional magazines, would the minister ask the engineers of the water resources branch to appear before the standing committee on industry, research and energy development for questioning on this subject by members of the committee?

Hon. Jean-Luc Pepin (Minister of Energy, Mines and Resources): Mr. Speaker, I presume a consultation would have to be had with the chairman of that committee. I hereby promise to do this.

TRANSPORT

IMPROVEMENT OF FERRY SERVICE, DIGBY-SAINT JOHN

On the orders of the day:

Mr. Guy Crossman (Kent (N.B.)): Mr. Speaker, I have a question for the Minister of Transport. Could he inform the house if the government has decided to give financial encouragement for the establishment of a new ferry service from southwestern Nova Scotia before improvements have been made in the present service between Digby and Saint John, New Brunswick? I ask this question because of the keen interest in this matter of many people in New Brunswick and the rest of Canada who look forward to the establishment of a true ferry service between Nova Scotia and New Brunswick.

Mr. Speaker: Order. I am not sure whether there is real urgency to this question. If there is not, perhaps the hon. member would want to discuss the matter at ten o'clock.

Mr. Crossman: Ten o'clock, sir.

CANADIAN NATIONAL RAILWAYS

REQUEST THAT MUNICIPAL TAXES BE PAID FOR FULL YEAR

On the orders of the day:

Mr. Robert McCleave (Halifax): Mr. Speaker, my question is to the Prime Minister and is a follow-up to one I asked of the right hon. gentleman last Thursday. Is the Prime Minister yet in a position to assure the city of Halifax and other Canadian municipalities that Canadian National Railways will pay the equivalent of municipal taxes at full rates for all of 1967?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I took this matter up with the Minister of Transport who will be able to deal with it shortly, I hope.

CANADA PENSION PLAN

INQUIRY AS TO CONTRIBUTIONS BY FARMERS AND FISHERMEN

On the orders of the day:

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, I have a question for

the Minister of National Revenue concerning the Canada Pension Plan. Could the minister inform the house whether the farmers and fishermen of this country are called upon to contribute to the Canada Pension Plan out of their gross income or net income?

Mr. Speaker: Order, please. Again it is difficult for the Chair to decide whether this is a matter of urgency.

Mr. Smallwood: Mr. Speaker, this is of great concern to the people of Canada. I went to the department last week. One official tells me that it is based on net income and another fellow tells me it is on gross income. I have come to the conclusion that these people do not know the difference between gross and net income, and I should like to have it made clear for the people of Canada.

Mr. Speaker: Perhaps the minister might say whether he knows.

Some hon. Members: Oh, oh.

Hon. E. J. Benson (Minister of National Revenue and President of the Treasury Board): Mr. Speaker, we have a very comprehensive booklet explaining exactly how the contributions should be calculated. I shall be very pleased to send my hon. friend a copy of it.

Some hon. Members: Oh, oh.

Mr. Smallwood: A supplementary question, Mr. Speaker. If the minister and his officials do not know how to interpret their own book, how can the people of Canada know?

Mr. Benson: Mr. Speaker, I disagree entirely. We know how to interpret what is in it, and I should be pleased to take my hon. friend aside and explain it to him.

Mr. Smallwood: On a point of order, Mr. Speaker, this is ridiculous. I want someone to tell the people of Canada about this, and the minister does not seem to know about it himself.

Mr. Speaker: Order, please.

[*Later:*]

Mr. Benson: Mr. Speaker, in answer to a question put a few minutes ago by the hon. member for Battle River-Camrose I said I had intended to give him a copy of the information given to the self-employed with respect to the Canada Pension Plan. However, I have not been able to get a French copy, and I would refer him to section 13 of the Canada Pension Plan, which makes quite clear that the amount of contribution is determined on the net income exclusive of investment income.

Mr. Smallwood: Would the minister clarify that with his department, because one official told me it was net income and a second one told me it was gross income.

INQUIRY AS TO REFUNDS TO EMPLOYERS

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, may I direct my question to the Minister of National Revenue.

An hon. Member: He has gone to get the book.

Mr. Chatterton: In that case he can take this question as notice. Has the minister found a way of refunding to employers the excess contributions they are making under the Canada Pension Plan?

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): I shall be glad to bring this question to the attention of the minister.

INQUIRIES OF THE MINISTRY

On the orders of the day:

Mr. Prosper Boulanger (Mercier): I wish to direct my question to the Minister of Public Works in his capacity as house leader. Can the hon. minister tell me on how many days the hon. member for Lapointe has sat in the house since being named leader or chairman of the separatist movement?

Mr. Speaker: Order, please.

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I have a question of some urgency for the Minister of National Defence. In view of the minister's publicly expressed and commendable interest in urban redevelopment and the building of new cities, is he preparing for an early retirement from the Department of National Defence so that all Canada may benefit?

Mr. Speaker: Order.

Hon. Paul Hellyer (Minister of National Defence): No, I was just making plans to prepare a suitable environment for the retirement of my hon. friend.

Mr. Speaker: Order.

CANADIAN CENTENNIAL

REPORT OF YOUTH COUNCIL ON PROPOSED YOUTH SEMINAR

On the orders of the day:

Mr. J. M. Forrestall (Halifax): I direct my question to the Secretary of State and ask the hon. lady if she has yet received from the Canadian Youth Council a supplementary report with a recommendation on the holding of a seminar next year. If so, has any action yet been taken, or has any decision been arrived at?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I am surprised and disappointed to say that I have not received anything yet. I had promised the hon. member the other day that I would have the ad hoc committee meet as soon as I received anything.

CANADIAN BROADCASTING CORPORATION

REQUEST FOR CESSATION OF SUGGESTED ANTI-U.S. PROPAGANDA

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): I direct my question to the Secretary of State, who I understand is responsible for the various centennial programs throughout the country and who also replies in the house on behalf of the Canadian Broadcasting Corporation. The question is as follows. Would the minister suggest to those responsible for the public affairs and news programs in the Canadian Broadcasting Corporation, in view of the fact that a seven day truce is likely to take place soon in the Viet Nam war, that the C.B.C. might likewise declare a seven day truce in the flood of "hate the United States" propaganda that issues forth daily from that organization. I might also suggest that such a seven day remission might be a suitable centennial project as a gesture of good will to our good friends to the south.

Mr. Speaker: Order, please. The hon. member should recognize that this is not a question. He is making a submission to the minister.

FINANCE

ROYAL BANK—APPOINTMENT TO BOARD OF BAHAMIAN FINANCE MINISTER

On the orders of the day:

Mr. David Orlikow (Winnipeg North): My question, Mr. Speaker, is directed to the Minister of Finance. I ask the minister if he is

aware that on January 13, 1966, the Royal Bank of Canada appointed to its board of directors the minister of finance of the Bahamian government, Sir Stafford Sands. Does the Minister of Finance believe that the appointment to the board of directors of the Royal Bank of the minister of finance of another country is proper?

Mr. Speaker: Order, please. The hon. member is asking for an expression of opinion from the minister. This is not the type of question which may be asked at this time.

EXTERNAL AFFAIRS

NORTH VIET NAM—USE OF FUNDS GIVEN FOR AID

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I wish to direct a question to the Prime Minister. He may be able to answer the question, or he may have made some research into the matter I raised on January 19. To review my question, it referred to $50,000 of aid to Viet Nam of which 90 per cent was going to North Viet Nam, to the Viet Cong, for purposes other than to assist civilian victims. I said I had seen the report that made this statement. Has the Prime Minister anything to report on the matter now?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the position in respect of the matter referred to by my hon. friend in his question was set out by the Secretary of State for External Affairs on April 19 last in reply to a question by the right hon. Leader of the Opposition. In brief, that reply was that there was no obstacle to the transfer of funds to North Viet Nam or similar destinations, provided appropriate arrangements could be made through banking channels. As regards permission for the shipment of medical and other supplies, these come under the provisions of the Export and Import Permits Act. However, as far as medical supplies are concerned the act does not require the issue of a specific licence provided the drugs are of Canadian origin and are being sent in individual dosage form.

As to the second aspect of the question, concerning the use made of supplies or funds sent to North Viet Nam once they have reached their destination, we have no knowledge in that regard and I doubt whether the government of North Viet Nam would regard it as within the responsibilities of our representative on the international commission

to seek such information. I understand that the international committee of the Red Cross has endeavoured to obtain this kind of information with respect to its own consignments to North Viet Nam, so far without avail. I understand, however, that a representative of the Canadian Friends service committee was in Hanoi recently and did have an opportunity at that time to talk to representatives of the North Vietnamese Red Cross.

Mr. Woolliams: I wish to thank the Prime Minister for his answer. But in this case, if he would review the report I gave him, he will see that of the $50,000 raised in Vancouver, 90 per cent of the money was handed over through Dr. Inglis to someone in Moscow for use in North Viet Nam, other than for the purchase of medical supplies and so on. Did the Prime Minister investigate this situation and, if so, what was the result?

Mr. Pearson: We do not know the details of the shipment. I understand it was medical supplies and that 90 per cent of the money used for this purpose did go to North Viet Nam.

Mr. R. W. Prittie (Burnaby-Richmond): May I direct a related question to the Prime Minister. On January 9 I asked the Secretary of State for External Affairs whether the Canadian government had received from the Canadian Quakers a request for aid in the provision of medical supplies to both North and South Viet Nam. Has such a request been received and, if so, what reply has been given?

Mr. Pearson: Perhaps I can answer that question, since it was addressed to me. I can inform the hon. member that such a request from the general secretary of the Canadian Friends service committee was received last month by an official of the external affairs department and was acknowledged at that time. The matter is now under consideration, and a substantive reply will be made to the general secretary of the committee in the very near future.

DRAFTING OF CANADIAN CITIZENS INTO U.S. ARMY

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs with reference to a previous question I asked him about the drafting of young Canadians in the United States into the United States forces. What will be the position of the government with respect to these young Canadians who are drafted into the United States army if they stay in the United States?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I do not think it is really possible, unless I misunderstood it, to answer the question in the form in which it has been put. My hon. friend brought a particular case to my attention. We have been in touch with my hon. friend about it, and I am sure he would not want me to discuss that particular case on the floor of the house.

Mr. Diefenbaker: Why not?

Mr. Martin (Essex East): Because I think my hon. friend who put the question would not want to embarrass his constituent.

Mr. Diefenbaker: This is a Canadian who was picked up in the United States and forced into its army.

Mr. Martin (Essex East): My right hon. friend is wrong again.

Mr. Diefenbaker: This is what the minister denied the other day, and now he is wrong again.

ATLANTIC DEVELOPMENT BOARD

CURTAILMENT OF PROJECTS RESULTING FROM STAFF SHORTAGES

On the orders of the day:

Mr. David MacDonald (Prince): My question is directed to the Minister of Transport and relates to a question I asked him two weeks ago in this house concerning the curtailment of certain projects by the Atlantic Development Board because of staff shortages. The minister said at that time he would look into this matter and report. Can he tell us now which projects have in fact been curtailed?

Hon. J. W. Pickersgill (Minister of Transport): I had a document dealing with this subject and I hoped to use it to refresh my memory. Unfortunately it is in another spot. Perhaps the hon. member would not put me on the spot again until tomorrow.

INDUSTRY

REQUEST FOR COMMITTEE CONSIDERATION OF AUTOMOBILE AGREEMENT

On the orders of the day:

Hon. Michael Starr (Ontario): I wish to address a question to the Minister of Industry. In the light of uneasiness in the automobile industry as a result of permanent lay-offs and stoppages of work for stated periods, would the minister consider referring the automobile pact to a standing committee of the House of Commons or to a joint committee of this house and the other place, so as to ascertain whether these lay-offs and cessations of work for stated periods are due to this pact or whether they have been brought about by other circumstances?

Hon. C. M. Drury (Minister of Industry): It has been fairly clearly established that in the current year, as compared with previous years, there has been a decline in the public demand for automobiles. A decline in public demand obviously leads to a decline in production, and a decline in production normally calls for lay-offs. This appears to be the chronology of the present situation, and I do not think any useful purpose would be served by trying to re-explore this particular chronology.

As the hon. member is aware, a comprehensive review of the automobile pact is to be undertaken in the current year, and perhaps that could be a more useful way of proceeding.

Mr. Starr: As a supplementary question, when the minister says a comprehensive review will be made may I ask whether it will be done in committee where witnesses could be called?

Mr. Drury: Mr. Speaker, the review of which I speak and of which the results will be made public will be by the governments of the two countries.

ADMINISTRATION OF JUSTICE

NEW WATERFORD, N.S.—REQUEST FOR PARDON FOR DISQUALIFIED COUNCILLOR

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I wish to direct a question to the Solicitor General and I would ask him to take into consideration the fact that there has been very little background exchanged between us in this matter. It is with respect to a councillor in the town of New Waterford who was recently disqualified from taking his seat because of an incident which happened years ago, when he was a juvenile. Would the minister consider a pardon for this gentleman in view of the exemplary life he has led since that time? I am not quite sure whether this could be done, but the people of New Waterford have indicated their decision by electing him.

Mr. Speaker: Order. I doubt whether the question can be asked at this time. There may be an aspect of urgency to it that I do not see, but generally speaking that type of question should be placed on the order paper.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, there is urgency because this young man committed an offence as a prank some ten years ago, and since the particular offence carries with it the possibility of a penitentiary sentence he is now hounded out of public life. I think the minister would want to speak on this, particularly in centennial year when so much is being said about amnesty. Will the government give consideration to providing free pardons to those who, having made mistakes, after a period of years have entirely lived them down, to the end that the detrimental effect of such mistakes on their records will not bar them from those things that good citizens normally can achieve?

Mr. Speaker: Order, please. I still have some doubt as to the urgency of the particular case raised by the hon. member for Cape Breton South, but as the minister seems anxious to give a reply to both hon. gentlemen I am sure he should be recognized.

Hon. L. T. Pennell (Solicitor General): Mr. Speaker, I would be pleased to give immediate attention to the particular case raised by the hon. member for Cape Breton South, and I would like to assure the right hon. Leader of the Opposition that we are dealing with a considerable number of applications for pardon. There has been a substantial increase in them over the last few months.

Mr. MacInnis (Cape Breton South): Mr. Speaker, may I be permitted to remind the house that there is a certain amount of urgency involved. The citizens of this town feel that they are deprived of representation for which they voted. There is a by-election coming up which would also indicate there is urgency in qualifying this man to hold the office which the people granted him.

Inquiries of the Ministry

FISHERIES

SUGGESTED ABOLITION OF SEAL HUNTING IN GULF OF ST. LAWRENCE

On the orders of the day:

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. Does he intend to follow up the recommendations made by the Canadian Humane Society for the protection of animals by abolishing the yearly massacre caused by seal hunting, the season for which is about to open pretty soon; or can he advise of better ways of killing the seals?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker I believe I have made it very clear on many occasions in the past that it is not my intention to recommend the abolition of the sealing operations in the gulf of St. Lawrence. I have said that the regulations were being amended. They have now been amended. I hope they will be enforced, and that all inhumane methods used in this operation will be prevented.

IMMIGRATION

WARNING TO IMMIGRANTS RESPECTING HOUSING IN LARGER CITIES

On the orders of the day:

Mrs. Grace MacInnis (Vancouver-Kingsway): Mr. Speaker, I wish to direct a question to the Minister of Manpower and Immigration. It is one I would have asked yesterday but neither the minister nor his parliamentary secretary was in the house. In view of the week end report that the Department of Manpower and Immigration is warning prospective immigrants with more than three children and less than $7,500 annual income to stay away from Toronto, Hamilton, Windsor, London and Vancouver because of the acute housing shortage, what plans has the minister to provide such immigrants with jobs in the smaller centres?

Hon. Jean Marchand (Minister of Manpower and Immigration): I shall have to take this question as notice and inquire into it, Mr. Speaker.

INQUIRY AS TO LEGISLATION TO IMPLEMENT WHITE PAPER

On the orders of the day:

Mr. Ed. Schreyer (Springfield): Mr. Speaker, my question is directed to the Minister of Manpower and Immigration. I should like to ask the minister whether he is now in a position to inform the house when he intends to bring in legislation to give effect to the recommendations and findings outlined in the immigration white paper, particularly with regard to part IV.

Hon. Jean Marchand (Minister of Manpower and Immigration): Mr. Speaker, part IV will not be brought before the house separately. Apparently it will have to come with the entire bill. As you know, the white paper is being studied now by the joint committee of the house and Senate. As soon as we have the report of the committee we will prepare the legislation. I hope this will be done this year. It will be done as soon as possible, but I cannot be more precise than that.

EXTERNAL AFFAIRS

RHODESIA—REPORTED WITHHOLDING OF MEDICAL INFORMATION AND SUPPLIES

On the orders of the day:

Mr. Howard Johnston (Okanagan-Revelstoke): Mr. Speaker, my question is directed to the Prime Minister and is in reference to answers to several questions which I asked last week. Has he had an opportunity to investigate the complaint made by the secretary of health in Rhodesia stating that the World Health Organization had cut off assistance given through that organization's schemes for the benefit of the African population in that country?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we have not been able to obtain all the information we are seeking on this matter. Meantime I can inform my hon. friend that the World Health Organization has denied charges by the Smith régime in Rhodesia that it had abandoned health projects for the African population in Rhodesia and had failed to pass on warnings of the danger to women of antihistamine drugs. However, we are asking for further information on the matter from WHO.

[*Translation*]

AGRICULTURE

INQUIRY AS TO MEMBERS OF FEED GRAIN COMMISSION

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should like to put a question to the Minister of Forestry and Rural Development. Is he in a position to give the house the

names of those who will be appointed to sit on the proposed Canadian Livestock Feed Board.

Hon. Maurice Sauvé (Minister of Forestry and Rural Development): No, Mr. Speaker.

[*English*]

NORTHERN AFFAIRS

QUEBEC—DISCUSSIONS RESPECTING JURISDICTION OVER INDIANS AND ESKIMOS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I wish to direct a question to the Minister of Indian Affairs and Northern Development. Is there presently being undertaken or has there just been completed a study by officials in his department, or by someone appointed for that purpose, in conjunction with the province of Quebec or directly through his department, into the question of jurisdiction relating to native Indian people and Eskimos in the province of Quebec?

Hon. Arthur Laing (Minister of Indian Affairs and Northern Development): Mr. Speaker, I am rather happy that the hon. member has raised this question, because I read a press report which spoke of a secret document having been exchanged between or delivered to both the federal government and the government of Quebec. There were other sinister suggestions that an arrangement was going to be made, and I want to assure my hon. friend that there is simply no justification whatever for the inferences included in the report.

At present all this consists of is a working paper which has been delivered to each government as a basis for financial considerations in the transfer to Quebec of those services which are necessary in that part of Quebec due to the very considerable mining and other developments that are proceeding in that part of the province. The work of my officials and that of the officials of the province of Quebec is entirely consistent with the last statement I made in the house on this matter on March 4, 1964, at page 505, where I said provision was made to refer these principles and conditions to a joint committee of federal and provincial officials who are charged with the responsibility of preparing a draft agreement as well as the terms of reference for the commission which will be asked to receive the views and comments of the Eskimos. At that time we discussed—

Mr. Speaker: Order, please. I am afraid I must interrupt the minister. It seems to me the answer he is now giving is rather lengthy and more in the form of a statement which ought to be made on motions. Perhaps he might restrict the remainder of the answer he wishes to give to the hon. member.

Mr. Howard: Mr. Speaker, in a supplementary way may I ask the minister, because of the extreme importance of the matter and the necessity always of consulting the people affected, whether the minister would make a statement on motions tomorrow or at some reasonable time in the future so we could go into this question in as much detail as is possible.

Mr. Laing: This would be entirely agreeable to me, but I would have to make some study of the question because as yet I have not even seen the paper.

Mr. John M. Reid (Kenora-Rainy River): Has the minister received the report which is being prepared by Professor Hawthorn of the University of British Columbia, and if so would he table this in the house?

Mr. Laing: Yes; part 1.

FINANCE

MERCANTILE BANK—INQUIRY AS TO REPLY TO U.S. NOTES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, yesterday the Prime Minister informed the house that he expected the cabinet today would approve of the reply to the two notes of the United States government in reference to the Mercantile Bank. Would the Prime Minister say whether the reply consititutes acceptance or rejection by Canada of the claim of the United States that the legislation ought not to be passed? Also will the Prime Minister say whether there has been any alteration in the expected nature of the reply to the notes in view of the evidence given by Mr. Rockefeller today, that the letter of intent to purchase the Mercantile Bank from the Dutch interests was given on June 26, 1963, 22 days prior to the warning given by the then minister of finance, the new Minister without Portfolio and chairman of the task force?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the first note was replied to many months ago. The reply to the second note was considered and agreed to by the

government this morning and will be delivered to the United States authorities this afternoon. All I can say is that the Canadian government maintains the position which already has been stated in this house. With reference to the hearing before the committee of the house on this matter, I believe it would be quite inappropriate for me to discuss this.

Mr. Diefenbaker: Would the Prime Minister table the two notes from the United States and the reply by Canada, after securing the permission of the United States government? I think this is a matter upon which parliament has a right to know the true facts.

Mr. Pearson: I think the house has taken a decision regarding the tabling of the diplomatic correspondence in respect of this matter.

Mr. Diefenbaker: Why? Mr. Speaker, I should like to ask the Prime Minister whether he will ask the United States government for permission.

Mr. Pearson: No, Mr. Speaker. This diplomatic correspondence will be treated as such.

Mr. Diefenbaker: You do not want the facts to be elucidated.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, did the Prime Minister inquire into the effect this matter might have on Canadian banks in the United States?

Mr. Pearson: Naturally all factors were taken into consideration before this note was drafted and agreed on.

TRADE

ENTRY OF U.K. INTO COMMON MARKET—PROTECTION FOR CANADIAN TRADING INTERESTS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs. In view of the fact that Prime Minister Wilson is making a new attempt to gain entry into the European common market, I should like to know whether Canada has been made aware of the terms and conditions and whether there is any protection for our trading interests with the United Kingdom, particularly in respect of agricultural products such as wheat.

[Mr. Pearson.]

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, this is a matter which primarily concerns the government of Great Britain and the common market countries. At various times, however, Canada has had discussions with members of the present British government with regard to Britain's intentions, and we have likewise noted observations made by common market countries regarding the British desire to participate.

Mr. Olson: Will the minister tell us, in view of the information Canada has, whether this will create any problem in respect of the trading relations we now have with regard to the export of wheat from Canada to Britain?

Mr. Martin: Mr. Speaker, I suggest that this is hardly the kind of question which should be asked on the orders of the day.

Mr. Speaker: Order, please. I am in full agreement with the minister. He rose just a little faster than I did. I think the hon. member for Medicine Hat recognizes the point.

Mr. Olson: Mr. Speaker, I will pursue the matter at ten o'clock.

THE CANADIAN ECONOMY

STEPS TO MEET INCREASE IN COST OF LIVING

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, my question is for the Minister of Finance. In view of the fact that from August to December the price index has risen so that the cost of living now stands at the all time high of 145.9, is the government planning to take any action to cope with the steady increase in the cost of living?

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, this is a question of a very general nature which I do not think it is appropriate to deal with here. I might just say that the government has been taking measures which have in fact resulted in a smaller increase in prices than otherwise would have taken place, and certainly smaller than would have taken place had we followed the advice of the opposition.

Mr. Douglas: In view of the suggestions made to the minister from time to time, has any progress been made with regard to the setting up of a prices review board? Also, what progress has been made in respect of the income progress study which the Economic Council of Canada has undertaken?

Mr. Sharp: I am sure the hon. gentleman will recall that in the last annual report of the Economic Council of Canada the council recommended that measures of this kind would not be effective for Canada.

CANADIAN BROADCASTING CORPORATION

SUCCESSOR TO PRESIDENT—SHOWING OF CHAMPIONSHIP SKI PICTURES IN INTERIOR B.C.

On the orders of the day:

Mr. J. R. Keays (Gaspé): Mr. Speaker, I have a question for the Secretary of State. In view of the deep concern which the hon. lady has in respect of having a competent president of the C.B.C., and in view of her admiration for one of the candidates, could the minister tell us whether the name of Mr. Max Ferguson is still before the cabinet for consideration?

Mr. Speaker: Order, please.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question to the Secretary of State. Has the minister any reply to the question I asked yesterday with regard to certain C.B.C. programs which now are available to the coastal areas of British Columbia after 11 p.m. and which are denied to the interior of British Columbia?

Hon. Judy V. LaMarsh (Secretary of State): Mr. Speaker, I cannot answer the question in general, but yesterday the hon. member asked me about the C.B.C. and its coverage of the du Maurier ski championships in British Columbia. I am informed by the C.B.C. that it plans to film a 30 minute program of the highlights of the du Maurier championships and to carry it on CBUT, Vancouver, and its immediate rebroadcasting stations at Courtenay, Comox and Alberni-Chilliwack following the late night news and sports on January 30.

Unfortunately it is not possible, because of technical reasons, to feed this film from Vancouver to C.B.C. outlets in the interior of the province at the same time it is being shown in Vancouver. However, arrangements have been made to have these highlights, featuring members of our national ski team, carried on the night of February 1 on the C.B.C. relay stations at Rossland-Trail, Nelson, Castelgar and Cranbrook-Kimberley. The program also is available at the same time to private affiliates of the C.B.C. in British Columbia on their request.

I should like to say in response to the last question that I understand the gentleman in question is quite happy with his position in the C.B.C. I have not at any time, to anybody, publicly or privately, indicated that I am in favour of any candidate for the C.B.C. presidency.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed, from Monday, January 23, consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof, and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

The Chairman: Order. An understanding was reached yesterday that the remaining clauses of this bill be considered in the following order: clause 74, with an amendment; clause 16 as amended, and clause 1 as amended.

On clause 74.

Mr. Woolliams: Mr. Chairman, at the conclusion of the sitting yesterday an amendment to clause 74 was brought in and read but has not yet been moved. I rise now on a point of order as to the validity of the amendment to clause 74.

My point of order is put forward on the ground that the Minister of Transport has violated an important rule of the House of Commons, so well understood and known that reference to it is hardly necessary. I might quote the rule at the outset. It is that a matter once dealt with and disposed of by the house cannot be raised again when dealing with the same subject matter in the same bill. I emphasize that rule because it is very important in understanding the point of order upon which Your Honour will have to decide.

What is the matter in question? We had in the bill new section 329 (1) which was voted on by the house in committee of the whole. The vote was negative and the section in question was struck out. In its place the minister is now attempting to move an amendment to clause 74. He is endeavouring to substitute a new clause 74 for section 329 of Bill No. C-231 which was voted on by the House of Commons and struck out of the bill. The vote was a close one, as hon. members know. The minister, I repeat, is substituting clause 74 for section 329.

An amendment was introduced last night but no motion has been moved in respect of it. The amendment to clause 74 was merely read; and the record, which is to be found at page 12119 of *Hansard*, will disclose this fact. First of all, I object to the moving of this motion on a procedural basis. I object to this amendment because I question its validity. The minister is trying to deal again with the same matter when it has already been disposed of by the house. In brief, he is trying to take two bites at the same apple, in violation of our rules.

The rule in this regard is very clear. I will read the rule as written in our original procedures in 1953 and as amended in 1958. It is to be found in Beauchesne's third and fourth editions. I shall refer to both rules because there has been an historical development as far as our procedure in this regard is concerned.

I said that in brief the minister is trying to take two bites at the same apple, when the rules say he cannot do this. He is trying to take two cracks at the same cat, when he is entitled to only one. What does the rule say in this regard? It is very clear. It is that a question being put once and carried in the affirmative or negative—in this case it was the negative—cannot be questioned again, but must stand as a judgment of the house, particularly in respect of one bill and more particularly in respect of one clause.

The minister by his amendment to clause 74 is really trying to repeat what was set out in section 329. The principle is identical in these two cases. Before I go into the meat of the amendment and section 329 I should like to refer to the rules. I would refer first of all to the third edition of Beauchesne's Parliamentary Rules and Forms, 1943, page 113. I shall read from citation 284:

> A resolution may be rescinded and an order of the house discharged, notwithstanding a rule urged—

I have quoted this rule.

> —"that a question, being once made and carried in the affirmative or negative cannot be questioned again, but must stand as a judgment of the house."

My first submission on this point of order is that section 329 provided that the Crowsnest pass freight rates be investigated with a view to ascertaining whether the railways were showing a profit or loss in regard to the hauling of grain within the definition of "grain" in Canada. In this respect a decision of the house was arrived at; a vote was taken on the section and it was struck out of the bill.

Last night the minister asked us to consider an amendment to clause 74, wherein is contained the same principle as there was in section 329. All the minister has done is replace the words "Crowsnest pass freight rates" with another term. I should like to quote from the amendment to clause 74. It says in part:

> Subject to subsection (3), a railway company under the jurisdiction of parliament may make an application to the commission to investigate the revenues and costs attributable to the carriage of any commodity by the company at a statutory rate or substituted rate.

The statutory rate is the Crowsnest pass freight rate. The amendment to clause 74 deals with the identical matter; it means the same thing in principle. In order that the committee may fully understand my point of order I would read further from the rules. This passage is to be found in our former rules of 1943, at page 113 of Beauchesne's third edition:

> To rescind a negative vote, except on the different stages of bills, is a proceeding of greater difficulty—

Beauchesne says that to attempt to do this puts one in great difficulty. You cannot substitute the same principle with similar words. In other words, if the minister wishes to bring in an amendment he will have to bring in a brand new amendment on a brand new principle. He has failed to do this. On these grounds I say that the amendment is not valid and cannot be accepted. The citation from Beauchesne's third edition continues:

> The only means, therefore, by which a negative vote can be revoked, is by proposing another question, similar in its general purport to that which has been rejected, but with sufficient variance to constitute a new question—

It will take but a few moments to deal with that matter. There is not sufficient variance in this amendment to constitute a new question. The principle is the same. To permit the minister now to move the amendment to clause 74 would allow him to do through the back door that which he could not do through the front door when he was unable to call into the chamber sufficient hon. members to support the government's position in respect of section 329.

I should like to read further from the rules. I think it is necessary to do so in order that the record be straight. This is a most serious matter, in that the minister is trying to put something over on the people of western Canada. Citation 285 of Beauchesne's third edition says in part:

• (3:30 p.m.)

A mere alteration of the words of a question, without any substantial change in its object will not be sufficient to evade the rule—

Let me repeat that statement:

A mere alteration of the words of a question, without any substantial change in its object will not be sufficient to evade the rule—

There has been no substantial change. What the minister is doing by this amendment to clause 74 is merely suggesting that under the old section 329 the commission will look into the Crowsnest pass freight rates within a certain period of time to determine whether the railway companies are making or losing money. That was the object of the old section. What is the object of the new section as set forth in the amendment to clause 74? The object now is that the commission will, on the application of a railway company, look into those costs.

Let me say that section 329 was mandatory and that clause 74 is also mandatory because once a railway company makes an application under clause 74 the commission shall review these freight rates. For that reason the Conservative party voted against the inclusion of new section 329. The object was for the commission to review the Crowsnest pass freight rates and pit the western farmers against the other taxpayers of Canada. The minister is aware of that fact and he has made certain strange statements as reported in the press since that vote was taken.

Last night the minister, with his nice personality and approach, proposed an amendment to clause 74. All he has done or suggested is the substitution of one word. The object is the same, the motives are the same and the result will be the same. For that reason I say at the outset that this amendment is invalid and cannot now be put a second time. The subject of the amendment was voted on and stricken from the bill.

Let us see what the new rules say in this regard. It is my suggestion that they are even stronger. Let me refer to Beauchesne's Parliamentary Rules and Forms, fourth edition, 1958, at page 136, citations 162 and 163. In view of the fact this is an important matter regarding validity, I hope the committee will bear with me while I place on the record the citation. Citation 162 states:

A resolution may be rescinded and an order of the house discharged, notwithstanding a rule urged, "that a question, being once made and carried in the affirmative or negative cannot be questioned again, but must stand as a judgment of the house."

We have had a judgment of the house. We have said that this cannot be done because the country does not want it and we are the representatives of the country.

The minister, by intellectual trickery, has moved an amendment to clause 74 under the guise of attempting to define grain but what he is actually doing is setting up a committee to look into these freight rates. He is forced to do so because he failed to have a sufficient number of his members left to carry the question in the house. I might add that the hon. member for Medicine Hat abstained during that vote.

It is my suggestion, Mr. Chairman, that in spite of the minister's intellectual trickery this amendment must be ruled out as being invalid. In this connection it is interesting to note what the minister admitted was his fault last night. We do not very often hear a plea of guilty from the Minister of Transport but we did so last night. He knows exactly what happened. Last night he let the cat out of the bag when he attempted to perpetrate his intellectual trickery on the house. After the amendment was moved the hon. member for Macleod stated:

—judging from what the minister has said, in a backhanded way the baby thrown out with the dirty water is back in again.

Some hon. Members: Oh, oh.

Mr. Woolliams: What did the minister then say? He said:

That is right.

What the hon. member for Macleod said in effect was that the nurse washing the baby forgot herself and threw it out with the dirty water but now the baby has been carried back in for another bath by the government.

We have made a decision and we have a judgment. The Conservative party has fought for western Canada so far as the Crowsnest pass rates are concerned. What the minister is now trying to do by his amendment to clause 74 is exactly the same in principle as what he could not do on an earlier occasion. The rules are clear in this regard as pointed out in Beauchesne's third and fourth editions, citations 284 and 285, and 162 and 163.

Let us compare the two suggested sections to see how they differ, if they differ at all. New section 329 made reference to the Crowsnest pass freight rates whereas in the amendment to clause 74 reference is made to statutory rates. In all intellectual honesty I now ask the minister what difference there is between statutory rates and the Crowsnest

pass freight rates. The Crowsnest pass freight rates by agreement have become law. Therefore the minister must be referring to the Crowsnest pass freight rates when defining statutory rates.

When the minister referred to statutory rates last night he said they included other rates but indicated he did not know what they were because the statutes had been amended. We all know that apart from the Crowsnest pass freight rates, statutory rates represent an infinitesimal amount of railway revenue. The minister's explanation in this regard is nothing but hogwash.

We have suggested to the minister over and over again that he is pitting the western farmer against the other taxpayers of Canada. Surely that will be the result of his attempt to amend this clause. Canada is the only wheat exporting nation in the world which does not subsidize the farmer for his wheat. Parliament has thrown out the section but the minister now wants to give this baby another bath.

I ask the minister to withdraw his amendment at this point. Failing that I ask you, Mr. Chairman, to rule the amendment out of order on the ground that it violates a fundamental rule of the house to the effect that a question having been once moved and carried in the affirmative or negatived cannot be put again but must remain as the judgment of this house.

Let us examine the language of the proposed amendment. It states in part:

—the commission to investigate the revenues and costs attributable to the carriage of any commodity by the company at a statutory rate or substituted rate.

This involves a matter of semantics. It obviously refers to the Crowsnest pass rates. Old section 329 and clause 74 as proposed by the amendment are identical, mean the same thing and would result in the same thing. The investigation would be the same and the decision would be the same. All the minister is really saying is that the defeat of the government in the vote has put him in an embarrassing and difficult position. It is my impression that the minister has made some deal with the railway and as a result of his defeat has let the railways down. He is not sure now how to get off the hook but is attempting to do so by violating a rule. I ask you, Mr. Chairman, to rule that this amendment is invalid and unacceptable at this time.

[Mr. Woolliams.]

Mr. Pickersgill: I should like to reply immediately to those parts of the hon. gentleman's remarks which deal with the rules. Those parts of the speech relating to my reputation I will simply ignore until a later time.

There was a considerable debate held in respect of new section 329 during our consideration of clause 50. That debate took place before the vote on that section. As the hon. gentleman quite rightly pointed out, the committee decided that the section should be stricken from the bill. I suppose I could take the technical position, sir, that the question of order should have been raised immediately, but I do not take that position.

• (3:40 p.m.)

Mr. Diefenbaker: That is not so.

Mr. Pickersgill: There was a debate on it, and during the debate the hon. member for Winnipeg South Centre indicated quite clearly that in moving the amendment to strike the whole clause he had counted on me to produce other amendments which would repair any damage that might have been done. This, of course, is precisely what I was seeking to do in this amendment. If anyone will fairly examine all the debate, and particularly examine the very learned observations of the learned and hon. member for York South which will be found on pages 11958 and 11959 of *Hansard*, and examine the arguments of the hon. member for Burnaby-Coquitlam, the hon. member for Acadia and the hon. member for Peace River, I think it will be found the objection everyone took to proposed section 329 was not to any of the ancillary features such as the inclusion of the definition of types of grain and grain products, which in order to have an adequate bill need to be included somewhere, but to the provision for a mandatory review.

This is what I referred to as "the baby" and what I understood the hon. member for Macleod was referring to as "the baby". I thought what he meant by the "bath water" was what I have not made any attempt to ask the committee to reverse itself upon. My understanding was that the principle in the clause to which hon. members objected was that there was to be a mandatory review of revenues and costs in regard to these rates on grain whether or not anyone asked for it.

Mr. Woolliams: No, no, that is wrong.

Mr. Churchill: That was only one objection.

Mr. Pickersgill: Certainly the hon. member for Burnaby-Coquitlam made that very clear, and I could quote his words. He made an argument which impressed me.

Mr. Horner (Acadia): But not the rest of us.

Mr. Pickersgill: I did not interrupt the hon. gentleman, and we are talking about a very serious matter. As I understood it, the argument was that by this declaration by parliament that there must be a mandatory review of these rates we were creating the presumption that the rates were not compensatory. Hon. gentlemen opposite said this was not the type of neutral attitude which should be taken.

Most hon. members opposite argued eloquently that the rates were compensatory and there was no need for such a review. I decided, therefore, that I would not ask that these rates be reviewed, and I would not seek unanimous consent or anything else that required the commission to make a review unless there was an application for such a review. This is the first point.

The second point is that I realized there were other rates than the rates on grain which were also statutory.

Mr. Horner (Acadia): List them.

Mr. Pickersgill: Well, the port parity rates about which we had a considerable discussion yesterday would come into that category; the frozen rates for the Atlantic region would also come into that category. One of the reasons I could not give a more detailed answer yesterday to the hon. member for Saint John-Albert was that there are, I am informed, some 2,700 railway acts of one kind or another that have been passed since confederation. I am sure that perhaps 95 per cent of them do not set any statutory rates, but in order to be certain they all have to be examined.

I decided also that the principle which underlies the whole bill, that if a duty is imposed upon the railways by parliament the railways should be compensated for carrying out that duty if the revenues they receive do not compensate for that purpose, should be followed. This principle runs through the whole bill in reference to branch lines, passenger service and everything else. It seemed to me that to be consistent we should cover all these contingencies in the present bill. In addition, there is a provision that power should be given to the commission to set aside rates and to substitute its own rates. It seemed to me that any such rates which are set, to some degree arbitrarily by the commission, should be capable of being reviewed upon application.

Mr. Woolliams: That is only an argument. Deal with the question.

Mr. Pickersgill: My point is that the amendment which is before us now is different in principle and in nature from the clause that was taken out. Hon. gentlemen argued that it was not. I have already made three points on which it differs. In the first place, proposed section 329 required the commission to conduct a review whether or not anyone asked for it. This was a duty put upon the commission by parliament. This amendment does not require any review to be made of any of these rates unless an application is made by a railway company. This is a fundamental difference.

The second point is that proposed section 329 applied only to the Crowsnest rates and related grain rates, while this amendment applies to the whole gamut of statutory rates. It does not apply merely to statutory rates. It applies also, at such time as two years may have elapsed after any decision is made by the commission, to any substituted rate. In other words, this provision is part of the permanent scheme of the legislation. Proposed section 329 would have caused an investigation once and then it would have been over. This is a permanent part of the structure of the commission.

In the same way as clause 16 gives the shipper and other interested parties the right to appeal against any carrier on the grounds that the rates are not in the public interest because they give an undue advantage or for any number of reasons, the railways, having imposed on them a duty by parliament, are to be given the opportunity, but not earlier than two years after the bill comes into effect in respect of statutory rates or two years after a substituted rate may come into effect, to ask for an investigation into the revenues and costs so that these revenues and costs can be determined. Now, it seems to me that is a fundamental difference.

• (3:50 p.m.)

There is one part of the clause that is similar to the proposed amendment, that is to say, that part of the clause which enumerates various categories and kinds of grain and grain products that are not covered strictly

by statute but to which this bill is designed to continue to give protection.

If the hon. gentleman had concentrated on that part of the amendment I think he might have argued that that part came pretty close to the line, but I was quite sure that everyone wanted those definitions put back in and that there would be no question about putting them back in. I am sure that the hon. member for Humboldt-Melfort-Tisdale wants them back in, and so do I and I believe everybody else. However, I gather that is not the point raised by the hon. gentleman.

Mr. Woolliams: Would the hon. gentleman answer a question at this stage?

Mr. Pickersgill: I would be glad to.

Mr. Woolliams: Under the new amendment when an application is made by a railway for a review of the rates that application must be heard by the commission in the same way that the former section 329 was mandatory in the matter of a review. In this respect both of these sections demand that there be a review. In other words, they are both mandatory. Would the minister not be fair and answer yes to that question?

Mr. Pickersgill: Mr. Chairman, I certainly will not answer yes to that question. In the one case parliament is saying that there must be a review whether anyone asks for it or not. In the other case there will be no review at all unless by the voluntary act of the railway company a review is asked for. This is as different in principle as any two procedures could possibly be. It is one thing to set up a court and to say that certain people may apply to the court for relief; it is another thing to say that the court must look into the situation regardless of whether anybody asks any questions.

As I understood it, hon. gentlemen objected to all the presumptions that they said were involved in the government asking parliament to direct the commission to have a mandatory review. They did not want any conceivable presumptions of that sort created.

I confess that this argument did impress me. Mind you, Mr. Chairman, I did not think that in fact it did create a presumption, but I could see how people might feel that it did. It seemed to me that it was very much better to have a provision that threw the complete onus on the railway of saying that they had a case that they wanted to put. Once that case has been put, of course, the commission hears it and makes whatever finding the facts justify.

This, Mr. Chairman, is an entirely different thing from creating any kind of presumption whatever. You might just as well say that because a shipper under clause 16 is permitted to go to the commission and allege there is some undue disadvantage or some other factor that is contrary to the public interest, this is creating the presumption that the railways are setting rates which put one person at an undue disadvantage compared with another. All this amendment does, Mr. Chairman, is to provide a remedy in the event that a wrong of this nature is committed. For these reasons I suggest that the amendment is, in its essential nature, quite different from the clause that was stricken out by the vote, and I therefore submit it is in order.

Mr. Diefenbaker: Mr. Chairman, we have no amendment before us, it not having been moved yet. What we are doing in effect is discussing in anticipation an amendment—

Mr. Pickersgill: I wonder whether the right hon. gentleman is not wrong. My hon. friend the Minister of Fisheries moved the amendment yesterday afternoon and it is before the committee.

Mr. Diefenbaker: Even though it appears in *Hansard* that the Minister of Fisheries indicated he moved it, I took it from the minister that in fact it had not been moved. Be that as it may, we have listened to the minister working with Herculean effort to explain the unexplainable. He quite frankly admits he was deeply impressed by the argument made by members of the opposition in support of the amendment moved by the hon. member for Winnipeg South Centre, namely, that what was being done in the original section was in fact to bring about a mandatory declaration that in three years there should be a review. So impressed was he by that argument, Mr. Chairman, which he now admits was effective, that he and every Liberal member voted against the amendment. This indicates either that today he is telling us the facts or that when he voted he was voting against what he believed was proper and fitting.

What concerns me most is that the Crowsnest agreement will indeed be placed in jeopardy by any amendments that can be made thereto. It is very well to say that they are ratified by section 328 as being in effect, but by this process of infiltration and erosion the government is actually asking parliament

to place its approval on potential measures that may ultimately spell the extinction of the Crowsnest rates.

All we have before us today is a declaration by parliament that the provisions of the agreement made pursuant to chapter V of the Statutes of Canada, 1897, will remain in effect. I am very concerned about what is taking place here. All through the years the Crowsnest pass rates have been challenged. Looking back to the elections of 1925 and 1926, the stand taken at that time by the leader of the Conservative party, Right Hon. Arthur Meighen, was that freight rates ought not to be fixed by parliament, that this was a dangerous step to take, that their revision should be subject to the regular application of recognized principles.

I was a candidate in those elections, and all over western Canada the guiding inspiration of the minister of transport moved from meeting to meeting. I can get the quotations, Mr. Chairman; Right Hon. Mackenzie King in lachrymose words spoke of the danger to the Crowsnest rates. He stood against any interference or intervention with respect to those rates; through the succeeding years the people of western Canada have similarly stood. The rates have remained unchanged. The stand of these people has been that these rates are inviolate and shall so remain. We cannot permit that stand to be challenged.

• (4:00 p.m.)

I am not in any way casting doubts or reflections on the vote that took place on the amendment by the hon. member for Winnipeg South Centre, but the Liberal party today is in the position where it cannot answer the criticism of having opened the door, while pretending not to, to that which ultimately can destroy these rates. In effect that is what that party is asking parliament to do.

The hon. member for Winnipeg South Centre has placed before me quotations to be found in *Hansard* of June 16, 1925, at page 4330. No doubt he will be referring to them when he speaks. The fact is that I know from personal experience, without reading what somebody else said, what the reaction of the people was. And what has happened?

Mr. Pickersgill: Would the right hon. gentleman permit me to ask a question?

Mr. Diefenbaker: No. The hon. gentleman may as soon as I have developed this point. The Minister of Transport comes in with beaming face and gives credit to everybody, even the hon. member for Macleod whose interruption last night debunked the minister's argument. Even that hon. member was the recipient of encomiums which the minister handed out, with his eyes at the same time on the objective of weakening what has been called the Magna Carta of the western economy.

I say to the minister, you will not get away with it. You may succeed in having here those in the Liberal ranks who were absent without leave when the vote took place the other day, but you will not get away with this. This is simply an operation whereby you introduce into the law a recognition by parliament that these rates shall be subject to examination from time to time, though not mandatorily as originally provided for in the legislation.

The minister said, "Don't you see the change I have made? Previously I provided that there should be a mandatory examination but now it is all different. I leave it to the railways to apply." They do not need any mandatory provision. They will be there. After all, the door is open for them. Do you think that at the very first opportunity they will not take advantage of this provision? Why, it is like putting a weasel in a chicken pen and saying, "Be good to the chickens". Here we are providing for a welcome in advance to the railways to make an application to show they are not fairly treated, something they have been claiming for years.

The hon. gentleman is steeped in the classics, but the story of the Trojan horse is nothing compared to what the minister is attempting to do here. He spent a long time explaining what had taken place and the reasons for it. Why have these provisions at all? Why weaken and undermine the Crowsnest pass rates? Those rates were fixed not for one hour, not for one year, but for all time. That was the understanding.

Mr. Churchill: That is right.

Mr. Diefenbaker: At the first opportunity after passage of this legislation the railways will rush in. There can be no condemnation of that because they will say, "Parliament gave us the right." The Minister of Transport found he could not do it mandatorily, so the mandatory principle goes out and magnanimously the minister provides for a voluntary initiative by the railway companies. Will they not take advantage of it? The minister shrugs his shoulders.

Mr. Woolliams: This is ridiculous.

Mr. Diefenbaker: The companies are given an invitation: "Come in, the water is fine, provision has been made by parliament." The minister shrugs his shoulders. He cannot believe that the railway companies would ever think of doing that.

Mr. Woolliams: That is his deal.

Mr. Diefenbaker: This is a preposterous posture on his part. He shrugs his shoulders. This action is dangerous. This is doing what the rules provide shall not be done. I know with what heavy hearts the minister and those associated with him viewed the vote the other night. If that had happened when we were in office they would have howled to high heaven, "Resign". I can just hear the refrain. They are trying to get away from what happened the other night. It was one of the sharpest blows this government has had. Judging from the number of members on the government side now it would seem that it had its beneficial results.

Mr. Pickersgill: I think, sir—

Mr. Diefenbaker: Sir, the ruling is clear. Surely, Mr. Chairman, you will not allow the Minister of Fisheries, by a subterfuge in wording, to do what this committee turned down.

The same argument has been made by the hon. member for Calgary—

Mr. Woolliams: Bow River.

Mr. Diefenbaker: I beg your pardon. I mean the argument of the hon. member for Bow River. The names of constituencies have been changed so much that it is difficult to know exactly what each constituency is in Alberta and elsewhere.

We challenge the right of the minister by casuistry to do that which the rules deny. I say to the members of the Liberal party that what they are doing in this connection shows their purpose in the original section 329(1) which was turned down. They are trying to put themselves in a position whereby these rates can be challenged not mandatorily but at will.

Mr. Pickersgill: I wonder whether the right hon. gentleman would permit me to say something. I know he does not want to mislead. He realizes that the rates cannot be challenged at all, that the investigation provided for has nothing to do with the rates. It has to do with the revenues and costs.

[Mr. Woolliams.]

Mr. Diefenbaker: Mr. Chairman, that is no question. This is another of those dolled up arguments of the hon. gentleman. He is trying to explain something about which he has a bad conscience, and with some reason. If this amendment is carried I say to the government that they will have even greater difficulty in western Canada explaining why they deserve support. Indeed, I would think that that paragon of political perfection—I say that in the most commending way—the premier of Saskatchewan, may again find it necessary to utter words of criticism regarding this government.

• (4:10 p.m.)

How dangerous this amendment is is shown by the western agricultural conference meeting at the Fort Garry Hotel in Winnipeg at the present time. The annual meeting of the Canadian Federation of Agriculture will conclude on Thursday, January 26, and I have received a message underlining precisely the point I am trying to make. Ever since his defeat in the committee the minister has been trying to explain. He had some of his departmental officials in Winnipeg explain how beneficial section 329 would be. They had not read it or they would not have been misled. The telegram I have received, and I leave out no portion of it, reads as follows:

> Western agricultural conference of CFA in session in Winnipeg disturbed by press reports about parliamentary vote on section 329 of the transport Bill C-231 and urges all parties assure that final draft of the bill provide that statutory freight rates continue to apply on all prairie grains including rapeseed and grain products moving from prairie points to export positions at all terminal locations at Lakehead, Vancouver, Prince Rupert and Churchill at levels which existed on December 31, 1966. Please find opportunity to assure western farmers on this matter before Canadian Federation of Agriculture annual meeting adjourns on Thursday, January 26.
>
> James R. McFall, Secretary, Western Agricultural Conference, Fort Garry Hotel, Winnipeg.

That is what we are trying to do by means of arguments such as those advanced by my hon. friend from Bow River. We are trying to assure the western farmer that this kind of monkey business will not be countenanced. That is the reason I rose today, to point out to you, sir, that if an amendment of this type can be allowed, then all that is necessary, when the government has been defeated on an amendment, is for it to make a few changes and then come back and say, whether it is almost the same or not, we have something new; there are more words in it. However many more words there are may be the danger is still there.

Beauchesne's third edition, citation 285 on page 113, states:

A mere alteration of the words of a question, without any substantial change in its object will not be sufficient to evade the rule that no question shall be offered which is substantially the same as one which has already been expressed in the current session.

We have the minister's own admission—I take it from his argument—that no substantial change has been introduced. The citation goes on:

It is possible, however, so far to vary the character of a motion as to withdraw it from the operation of the rule.

That has not been done. The rule is clear. What is being sought by the minister today is an opportunity to repair the damage done to the government as the result of their amendment having been voted down by the substitution of an amendment containing a few extra words but with the same intent, thereby endeavouring to save face in consequence of the inexcusable failure of the membership supporting the government to be present to assist the valiant efforts of the minister. There were times when he stood over there like the boy on the burning deck whence all others had fled. He wants another opportunity to get the boys back so that he can save himself.

Mr. Pickersgill: I don't want the deck to burn.

Mr. Knowles: Mr. Chairman, I should like to speak in support of the point of order raised initially this afternoon by the hon. member for Bow River. At the outset may I deal briefly with the point which has been mentioned, though admittedly not pressed, to the effect that this point of order was not raised at the earliest possible opportunity, which would have been yesterday. I recognize that the minister did not press the point, but it was mentioned and the Chair might be thinking of it. May I, therefore, draw Your Honour's attention to citation 405(1) on page 285 of Beauchesne's fourth edition. It reads as follows:

If it should appear in the course of discussion that an amendment which has been allowed to be moved and which has not yet been agreed to, is out of order, the Chair directs the committee's attention to the fact and withdraws the amendment from the consideration of the committee.

It seems to me we are in that position. The amendment was moved yesterday, but for the obvious reason that time was needed in order to consider such a lengthy amendment the point of order was not raised until today. There has been some discussion of the amendment but it has not been agreed to and I therefore submit that it is in order to question its validity at this time.

Now, Mr. Chairman, I should like to draw your attention to a few citations which I believe to be relevant in this case. One or two have already been noted. I have two or three which have not yet been quoted. Having presented to you citations which in my opinion make it crystal clear that one cannot in committee seek to reverse a decision which has already been made, I will deal with the question whether or not the amendment now proposed by the Minister of Fisheries is substantially the same as the proposition which was defeated on Wednesday of last week.

Under the first heading, namely citations which should guide us in our discussion, may I first read from Beauchesne's fourth edition citation 200 (1) which is to be found on page 167.

An old rule of parliament reads: "That a question being once made and carried in the affirmative or negative, cannot be questioned again but must stand as the judgment of the house." Unless such a rule were in existence, the time of the house might be used in the discussion of motions of the same nature and contradictory decisions would be sometimes arrived at in the course of the same session.

And there is, of course, citation 288 which makes it clear that the rules that apply in the house apply also in committee of the whole house. Therefore the rule I have quoted, though it refers to the house, applies also to the committee of the whole.

But let me go on to quote from citation 402 (2). I ask that particular attention be paid to these words:

A new clause will not be entertained if it is beyond the scope of a bill, inconsistent with clauses agreed to by the committee, or substantially the same as a clause previously negatived.

That is brief, to the point, and as clear as it can be. I believe even the Minister of Transport must realize how clear it is. That citation is to be found on page 284 of Beauchesne's fourth edition. It is one which has not been quoted so far.

A new clause will not be entertained if it is beyond the scope of the bill—

I do not allege that.

—inconsistent with clauses agreed to by the committee—

I do not think I would allege that either, though one might say it was inconsistent with what was done when we were on clause 50.

—or substantially the same as a clause previously negatived.

That last phrase is clearly applicable. It is our contention that the new clause which the Minister of Fisheries is now seeking to put into the bill is substantially the same as section 329 which was negatived when we were dealing with clause 50.

• (4:20 p.m.)

Let me give you another citation, Mr. Chairman, No. 406 on page 285 of Beauchesne's fourth edition. There are five parts to this citation but it is part (c) which is appropriate:

Amendments are out of order if they are...

(c) inconsistent with a decision which the committee has given upon a former amendment.

There was an amendment to clause 50 which took out the proposed review of certain statutory rates and it seems to me that this proposition, which brings in by another amendment something that is inconsistent with the decision we took when we were on clause 50, is therefore clearly out of order.

Mr. Pickersgill: May I ask the hon. gentleman a question?

Mr. Knowles: Certainly.

Mr. Pickersgill: Has he considered the point raised by the hon. member for York South that that provision was redundant because the house had already taken a decision on the same point in clause 15? If that is the case, surely it could not be argued that it was inconsistent with a decision taken by the house in one case rather than the other?

Mr. Knowles: The minister strikes me as a drowning man grasping for a straw in trying to see the problem as between clause 15 and clause 50 as having any relationship to the problem now before us.

Mr. Pickersgill: The hon. member for York South argued that the clause was quite unnecessary because we had already accepted exactly the same proposition in clause 15.

Mr. Knowles: If the minister is going to rely on that argument—

Mr. Pickersgill: I just thought the hon. member would try to be consistent with the hon. member for York South.

[Mr. Knowles.]

Mr. Knowles: If the minister is putting that argument forward then he should argue that what he is now proposing in clause 74 is not necessary at all.

Mr. Pickersgill: I am arguing that what I am proposing is different. That is the precise point.

Mr. Knowles: Mr. Chairman, when I started to speak I said I would divide my remarks under two headings, the first dealing with the citations which lay down the law on this point and the second dealing with the question of whether the new proposal is substantially the same as the one which was rejected the other day.

I would refer hon. members to Bourinot's fourth edition. On page 329 there is a fair amount of material on the question of reversing a former decision. Bourinot says:

But when a question has once been negatived, it is not allowable to propose it again, even if the form and words of the motion are different from those of the previous motion.

A few moments ago the Leader of the Opposition quoted something from Beauchesne's third edition which is also in the fourth edition. It is citation 63 in the fourth edition. I think it is extremely relevant and it is similar to what I have just quoted from Bourinot. It says:

A mere alteration of the words of a question, without any substantial change in its object, will not be sufficient to evade the rule that no question shall be offered which is substantially the same as one which has already been expressed in the current session.

I want to come back to that language again when I compare the two motions, because I think the word "object" in the citation which the Leader of the Opposition read, and which I have reread, is crucial to the discussion.

Let me go back again to Bourinot and point out that on pages 328, 329 and 330 of this fourth edition he deals with this matter and points out that it is something which comes up very often in committee of the whole on a bill. In other words, these citations deal precisely with the kind of situation in which we now find ourselves. At one point Bourinot says:

The English journals are full of examples of the evasion of the rule which the house has permitted. In all such cases, the character of the motion has been changed sufficiently to enable the member interested to bring it before the house. Such motions, however, must be very carefully considered, in order to guard against a palpable violation of a wholesome rule.

Bourinot must have known who was going to be Minister of Transport some day when he used that language, that one has to be very careful "in order to guard against a palpable violation of a wholesome rule."

Therefore, Mr. Chairman, I submit for your consideration that there cannot be any argument as to what the citations say is the rule. The rule is that when we are in committee of the whole on a bill and we have negatived a proposition we cannot be asked to vote again on that some proposition by another amendment somewhere else in the bill. This is precisely what the government is asking, and it is clearly out of order.

There may be ways to get around this. There is the device which the opposition frequently uses of an amendment on third reading to refer back to the committee of the whole for reconsideration, and there is the device under which a vote that has been taken can be rescinded. However, the minister does not seem willing to try these devices that are provided in the rules. Rather, he seems to want to try to do something which some of us contend is against the rules.

I said that the first part of my remarks would deal with the citations and I think that those of us who have dealt with this matter, the hon. member for Bow River, the Leader of the Opposition and I, in giving these citations have made it clear that an amendment at another place in the bill to reverse a decision already made, an amendment to put in something that has already been negatived, is clearly out of order. It is perfectly proper, however, to ask whether the amendment now proposed by the Minister of Fisheries is substantially the same as what was thrown out in the 59-58 vote that took place in the committee last Wednesday. I draw Your Honour's attention to all the citations we have read. They all refer to language that is similar, that is substantially the same. They do not just say that an amendment is out of order only if it uses exactly the same words. They say clearly that, even though the words may be changed, if the object is the same then the amendment violates the rule.

What was the object of new section 329 in clause 50? The object was to provide for a review by the Canadian Transportation Commission of the Crowsnest pass rates.

Mr. Woolliams: Right.

Mr. Pickersgill: No.

Mr. Knowles: Oh, yes. And what is the object of the proposed amendment to clause 74? The object is to make possible a review of the Crowsnest pass rates.

Mr. Woolliams: Right.

Mr. Knowles: In the former case it was compulsory in the sense that parliament was directing the commission to take the action of holding a review. Is there any difference now? Sometimes the more things are different the more they are the same. Now the railways have to ask for a review, but having asked for it the language of the amendment moved yesterday by the Minister of Fisheries makes it clear that an investigation will be held and so the net result is precisely the same.

I suppose it might be argued that there is a slight difference. In the former case a review could not take place until after three years. Now it can take place after two years.

Mr. Pickersgill: The hon. gentleman should get his facts right. In the amendment which was thrown out a compulsory review was required within three years.

• (4:30 p.m.)

Mr. Knowles: I accept the correction. In the former case a review was compulsory within three years. In other words, it was not necessary to have it until two years and 11 months had gone by. Now, it is possible to have it when two years have gone by. So we are arguing about a few months. Surely the net result is precisely the same, namely, a review of the Crowsnest pass rates. The minister says that this is different. He said that the commission could go into all the other statutory regulations and other rates which might be set between now and some future date. If Your Honour will again look at some of the citations you will see that it is in order to bring in an amendment which relates to something which has been before the house previously when it comprises only a part and not the whole of the resolution previously voted on by the house. The minister attempts to say that this is different because there are a lot of other things in it which were not in the previous one, that is, that all the statutory rates are in it and not just the Crowsnest pass rates. But that does not bring it within the exceptions which Bourinot provides. So far as what was there before is concerned it is there again in the amendment which is now before us.

The minister said that what the house was arguing against when section 329 was before us was a presumption that because it was in the act these rates were possibly not compensatory. Yesterday when he was indulging in a

fine example of Pickersgilliana he told us he was not trying to get the house to reverse itself at all. He said he understood that what the house did not like was the presumption in the legislation that this review should be made because the rates were perhaps not compensatory. I submit that the same fault still pertains. It is in the legislation that the companies can ask for a review. They do not need it in the bill to be able to ask for it. They have been askng for this sort of thing for months. Now, if this amendment is in order and should it go through this—

Mr. Woolliams: It is an invitation.

Mr. Knowles: It is an invitation, as the hon. member for Bow River says, for the companies to go before the transportation commission with the blessing of the act behind them and with the guarantee that they can get a hearing.

I submit that all the elements of presumption that were there before are there now. I do not know how anyone can argue that this is a different proposition and therefore that it can get under the wire. In the light of some of the things suggested by Bourinot and Beauchesne this is beyond my capacity to understand. To use the language of the authorities concerning the word "object", the object is the same. The companies wanted this. No doubt this is what they indicated to the government last fall when the railway strike was on. One of the things they wanted was a review of the Crowsnest pass rates. Section 329 was designed to give them that review; it was defeated. Clause 74 which is now before us is asking that that review be given. It is precisely the same thing. Furthermore, the element of presumption is there in that if this motion were to pass it would give to the actions the companies would take all the sanctity of an act of parliament. I submit that in effect the Minister of Transport who spent time in halls of the same institution of learning in which I learned a few—

Mr. Pickersgill: I taught, but I did not teach the hon. gentleman.

Mr. Douglas: That is the reason the hon. member learned a few things.

Mr. Knowles: I sometimes wonder what he learned there. I submit that the minister was teaching things secular while I was studying things theological. I think the wires got crossed a bit. I believe he learned a few tricks. The minister found it possible yesterday to stand up in this house and to say with all the charm of which he is capable, to say in his suave convincing way, that he was not asking us to reverse our position. But that is precisely what he is doing. He cannot argue himself out of that. I submit, Your Honour, that you should find that this proposed amendment to clause 74 is substantially the same as the proposition that was negatived when we took the vote on the amendment to clause 50 and that therefore it is in violation of the clearly stated rules which govern the procedures of this house.

Mr. Olson: Mr. Chairman, I think the hon. member for Bow River has raised a very important point of order and one that I mentioned briefly at the time the vote was taken. I believe that the Minister of Transport, the hon. member for Winnipeg South Centre who moved the amendment which deleted section 329, and some other members of the house including the member for Medicine Hat, have some explaining to do. I say that for this reason. In the debate led by the Minister of Transport many of the other members who were involved were led to believe immediately after the vote was taken that the definition of grain and other parts of subsection 2 of section 329 were in effect essential for the continued functioning and operation of the Crowsnest pass rates as they are applied today. Now, after much more careful examination of section 329 which was deleted I am led to believe—if I was somewhat led astray before perhaps it could happen again—that all of the subsequent subsections after subsection 1 are in fact the rules under which subsection 1 shall apply and relate to nothing else at all. It is unnecessary to have those other provisions in the bill for the continued operation of the Crowsnest pass rates. They cover all grain and grain products such as flour and so on.

Mr. Baldwin: Except rapeseed.

Mr. Olson: The hon. member says "except rapeseed". I would think they apply even to rapeseed. If one takes all these subsections together as I have done very carefully, it will be found that subsection 2 of the same section simply says that no action shall be taken under subsection 1 in respect of any railway company that has increased the level of rates prevailing on the 31st day of December, 1966. Then it goes on to spell out the products which can be hauled. It does not say and does

not need to say that they are to be hauled at the lowest rate for grain and grain products.

Mr. Nugent: Mr. Chairman, I rise on a point of order.

The Chairman: The hon. member for Medicine Hat is speaking on a point of order.

Mr. Nugent: The hon. member rose to speak on a point of order but he is not speaking on the point of order. He is giving an alibi for not voting.

Mr. Olson: I am not giving any alibi for anything. I am simply pointing out there were some members who based their argument, immediately following and preceding the vote, on the fact that the definitions were required in the new bill. I suggest that all of the subsections which followed subsection 1 in section 329 were in fact the rules and regulations, but that subsection 1 was the operative provision and it was deleted. The reason I say this is that if hon. members are convinced they perhaps voted inadvertently to delete something that they want in the bill, this is dealt with in Beauchesne's fourth edition at page 137. The third paragraph of citation 162 reads:

• (4:40 p.m.)

Sometimes the house may not be prepared to rescind a resolution, but may be willing to modify its judgment by considering and agreeing to another resolution relating to the same object.

Therefore the committee, if it inadvertently acted to destroy something essential in the bill, under this rule need not necessarily have rescinded the whole section because it wanted to get rid of subsection 1 but could have modified its judgment to retain those provisions essential to the bill and particularly to other sections of the bill. Having carefully considered the whole of section 329, which was deleted and the new clause 74 now before the committee, I find I am in a measure of agreement with the hon. member for Bow River and the hon. member for Winnipeg North Centre in saying that the minister is coming back with what is in some ways the same objective that was contained in section 329.

I agree with the minister that there are some differences. I suggest, Mr. Chairman, that you take these differences into consideration in ascertaining whether in your judgment they are sufficient to justify the amendment of the Minister of Fisheries to clause 74. One thing the amendment does is to change the time, although the discussion between the minister and the hon. member for Winnipeg North Centre did not seem to determine that there was any significant change in the time.

Mr. Pickersgill: Mr. Chairman, I wonder whether I could put a question to the hon. gentleman? Has he considered the matter of the substituted rates? Surely this is a very substantial difference from anything that was in section 329.

Mr. Olson: I did consider that matter because, as I said, I have looked at section 329 and the amendment rather carefully since this matter arose. There is no doubt that the substituted rates now included in new clause 74 constitute an addition to what was contained in section 329. There are also some other changes. For example, this amendment includes a provision for a representative of the Crown to attend hearings before the commission. This provision was not contained in section 329. A representative of the Crown may attend hearings before the commission to defend and promote the case for the public interest.

The amendment brings back almost in identical words the definitions of grain products, maintaining related rates, and so on. The minister has also argued that the committee took a decision with respect to clause 15 which provides that the Governor in Council with the new transport commission would in fact have the authority to initiate and undertake an investigation of these very matters. I refer Your Honour and the minister to clause 15 (1) (e) which provides as follows:

In addition to its powers, duties and functions under the Railway Act, the Aeronautics Act and the Transport Act, the commission shall

(e) inquire into and report to the minister upon possible financial measures required for direct assistance to any mode of transport and the method of administration of any measures that may be approved;

I suggest that this clause could be interpreted in a way that would in fact give the minister and the new transport commission the power to do exactly what is proposed in so far as clause 74 is concerned and in so far as section 329 was concerned. There are some minor changes but the difference between clause 74, as I see it, and clause 15 (1) (e) is that if the minister were to invoke the provisions of clause 15 (1) (e) as soon as this legislation is proclaimed he could ask the transport commission to get a study under way. If clause 74—this is the difference in the clause—were passed, the minister and the transport commission would be prevented

from making any inquiry of this nature for at least two years and the railway companies would be prevented from making application for a hearing for at least two years. Therefore, if we are to have this provision in clause 15 (1) (e) it would perhaps be an improvement if a similar provision were in clause 74 so that the minister and the transport commission could not initiate such an investigation for at least two years.

This does not change the argument that has been advanced by the hon. member for Bow River and the hon. member for Winnipeg North Centre, namely, that it would appear that the objective contained in section 329, on which the committee has made its decision, and that contained in clause 74 are so identical that we need to consider very carefully the reintroduction of this principle or we will violate the rule that disallows the reintroduction of essentially the same subject matter in the same session.

Mr. Woolliams: Right.

Mr. Churchill: Mr. Chairman, I want to deal specifically with the problem before us and the rule which I think is being violated, but may I first make an introductory remark or two. Last week I read what I thought was a very interesting and amusing article by Mr. Charles Lynch in which he mentioned that he was a watcher. He said that in the mornings he watched Mao in China, and in the afternoons he watched Right Hon. John G. Diefenbaker and reached conclusions with regard to both gentlemen. He acknowledged the error in his conclusions with regard to both. I am a watcher but I watch, morning, noon and night, the Minister of Transport.

Some hon. Members: Oh, oh.

Mr. Churchill: I have been doing this for years.

Mr. Pickersgill: Not at night, thank heaven.

Mr. Churchill: I have warned my colleagues about this. I find it an interesting occupation. It consumes quite a bit of time. But I have always paid tribute to the Minister of Transport in that he keeps us alert because he is quite sharp. I am not going to say he is tricky; I will not use that word. His movements are rapid and sometimes are concealed from casual view. Therefore we have to be very alert in the House of Commons. We have to examine with care what he puts in front of us. We have to listen carefully to his words, because sometimes there is an additional meaning that is not noticeable to those who are not following the debate very carefully. Therefore, as I have said before, I shall miss him when he goes to the Senate. He keeps me young here in the house because I am constantly mentally alert watching what he is doing.

We have watched the minister in regard to this matter. Last night when the amendment was introduced we carefully reserved our position and said we would have to study it overnight to see whether it was satisfactory. That is why we did not immediately challenge the amendment. The minister, very kindly—and he can be quite a good parliamentarian on occasion—said: Well, we will stand this matter until tomorrow.

That is the situation in which we find ourselves. We have made our examination, we have studied the rules, and we are approaching the subject today. I hope there will be no complaint, sir, about our spending time on this particular rule. There are people who criticize and say that now and again the house gets involved in procedural wrangles, as they call them. We are dealing today with one of the fundamental rules affecting parliament. I believe that this rule has a history of 350 years. Just because a rule is old it is not necessarily good, but this rule has been renewed and re-emphasized during the last three and a half centuries so there must be some substance to it.

• (4:50 p.m.)

If you examine it even casually I think you will see that parliament could not operate if a decision reached by the house could be almost immediately reversed on the basis of a slip on the part of a member of one party or another or because additional members were available an hour or two after a vote was taken. If decisions could be reversed easily then parliament would gradually lose a great deal of its importance. I make no apology at all for entering this debate or for asking the committee and the chairman to give this matter careful consideration.

When I was explaining yesterday why I moved the amendment in respect of section 329 in short form I indicated that there was complexity involved and that I selected a short form with the expectation that the minister and his officials would bring forward any substitution required. It was my expectation that the substitution to be brought forward by the minister would apply only to section 329, subsection 4, which was the one

causing some difficulty. The marginal note refers to the meaning of grain and grain products. At the time I moved the amendment I was not at all certain as to the definition of grain and grain products. I said yesterday that after a considerable search of the statutes I could not find a comprehensive definition of grain or any definition at all of grain products. At the time I moved the amendment I was not in a position to phrase it in such a way that those references would be retained in the bill. That is what I thought the minister and his officials would consider. I did not anticipate that they would attempt to bring back the whole section in a modified form.

In the course of the remarks of those who preceded me attention was drawn to a number of references which I will not repeat. However, I should like to direct your attention, Mr. Chairman, to one or two more references because, in view of the importance attached to this fundamental matter, I think there should be a record in *Hansard* for the benefit of those who may wish to refer to this debate and the ruling of the Chair.

I direct your attention to Bourinot's Parliamentary Procedure, fourth edition, page 328, paragraph IX, which is headed "Renewal of a question during a session". It states in part:

> It is, however, an ancient rule of parliament that "no question or motion can regularly be offered if it is substantially the same with one on which the judgment of the house has already been expressed during the current session. "The old rule of parliament reads: "That a question being once made, and carried in the affirmative or negative, cannot be questioned again, but must stand as a judgment of the house". Unless such a rule were in existence, the time of the house might be used in the discussion of motions of the same nature and contradictory decisions would be sometimes arrived at in the course of the same session.

On page 329 of Bourinot appears those comments which were referred to by the hon. member for Winnipeg North Centre.

Another reference appears in Bourinot at page 545. It is headed "A bill, once rejected, not to be again offered in the same session—Exceptions to rule." I hope the chairman will look at this reference. I should like to read one sentence which appears about half way down the page. It reads:

> But if an amendment has been rejected in a committee of the whole on a bill, it cannot be proposed again during the pendency of the bill in the committee.

In order that the chairman may have the benefit of any research we on this side of the house have been able to carry out, let me place on record a statement from May's fifteenth edition at page 380 under the heading "Matters already decided during the same session". The following is stated:

> A motion or an amendment may not be brought forward which is the same, in substance, as a question which has been decided in the affirmative or negative during the current session. The rule may be fully stated as follows: —No question or bill shall be offered in either house that is substantially the same as one on which its judgment has already been expressed in the current session.

At page 382 there appears a paragraph headed "Repetition of motions which have been negatived". It states:

> The most frequent attempt against the rule is to seek to evade it by raising again with verbal alterations the essential portions of motions which have been negatived.

Let me read this paragraph which appears at page 397:

> With regard to the whole matter it may be stated generally that the reason why motions for open rescission are so rare and why the rules of procedure carefully guard against the indirect rescission of votes, is that both houses instinctively realize, as a precedent referred to above shows, that parliamentary government requires the majority to abide by a decision regularly come to, however unexpected, and that it is unfair to resort to methods, whether direct or indirect, to reverse such a decision. The practice, resulting from this feeling, is essentially a safeguard for the rights of the minority, and a contrary practice is not normally resorted to, unless in the circumstances of a particular case those rights are in no way threatened.

Those are the references which I draw to the attention of the Chair. In light of those references and the importance which Beauchesne, Bourinot and May attach to this fundamental question, I hope the chairman will be assisted in reaching his decision.

I will not repeat the arguments put forward by the hon. member for Bow River and the right hon. Leader of the Opposition on the substance of this matter. I will not go into other particulars concerning the debate we had the other day because I think our case in that regard has been presented. I have attempted to deal solely with the rule by presenting supporting authority. It is my belief that the house made a decision in respect of a review of the Crowsnest rates. The minister, by using different words, is attempting indirectly to reverse that decision. The object of his amendment is exactly the same. It is in support of the rule which prohibits that indirect method of reversing a decision of the house that I have presented my argument.

Transportation

• (5:00 p.m.)

Mr. Deachman: Mr. Chairman, in dealing with whether or not the amendment to clause 74 meets the rules of the house some remarks were made by the hon. member for Medicine Hat in which he drew attention to the various items in the new clause 74 which were not a part of the original proposed section 329. I did not hear the hon. member refer specifically to proposed section 472 of clause 74. This particular section is not related to the old section 329 but refers specifically to the matter which I raised in connection with proposed section 328, subsection 2, in respect of domestic grain rates between prairie points and British Columbia.

There was discussion between me and the minister in respect of how the same provision could be maintained in the bill. I wanted to make sure that before the bill passed we had placed in the bill some arrangement whereby the problem facing the farmers of British Columbia could be adequately reviewed and the results of that review drawn to the attention of the cabinet for action.

My only purpose in rising at this moment is to protect the clause I have fought for in interviews with the minister and on the floor of this house, although the provision is not really associated with the Crowsnest rates but with domestic rates on grain into British Columbia. This is a problem which faces the farmers of British Columbia but does not face farmers in other parts of Canada. I simply want to be on record at this moment as indicating that this particular clause is specifically related to proposed section 328(2) which I believe has not been passed yet. I believe it will be voted upon eventually when clause 50 is brought before the committee to be tidied up.

Mr. Nugent: Mr. Chairman, I do not intend to speak too long on the point of order raised by the hon. member for Bow River. I did notice with interest the remarks made by the hon. member for Medicine Hat who tried to explain why, a few days after this party had shown him the action that should be taken to defend his people, he had weasled on the appropriate occasion but now wants to defend his action. This did not throw much light on the point of order.

I was amazed at the minister's smooth defence of the significance of the change in wording, since there is not much difference between the amendment and the proposed section we threw out last week. I had hoped the minister would entertain a question from me but he declined to do so. One of the essential differences the minister mentioned between this amendment and the deleted section was that the deleted section contained an obligatory provision while the amendment does not. In other words, the old section we threw out required a review within three years while the amendment permits a review after two years.

In listening to the minister one might be led to believe that the members of this chamber are not in touch with the realities of life, are not supposed to know of the anxiety of the railways to open up the question of the Crowsnest rates. We are not supposed to know how anxious the railways are to use every device they can to get at these rates. We are not supposed to have listened to the debate on this question last week.

I was going to ask the minister, since there is no one in this house who has any doubt that given the slightest opportunity the railways will immediately make an application to review these rates, what he is suggesting in this amendment that is really new. He is suggesting an inevitable inquiry and therefore is saying that the huge difference between the amendment and the old section is the difference between mandatory and inevitable. I really believe it boils down to that, and if we are to be honest about it the minister's argument amounts to sophistry.

The second point the minister made was that this amendment is wider than the original section because it refers to other rates and not just the Crowsnest rates. It was pointed out earlier in the debate that clause 15, of course, covers other rates. Argument was advanced on whether the deleted section was really necessary in view of clause 15. I cannot, therefore, see much force in the minister's argument that the amendment broadens the old section, especially in view of the presence of clause 15. No one who has listened to the debate or to the minister's remarks could find any essential difference between what he said with reference to this amendment and what he said about the deleted section.

He has said that this provision could not be construed as an attack upon the Crowsnest rates and is only designed to have a look at the revenues and costs. This is precisely the argument he used all last week, that the provision was not an attack on the Crowsnest rates and did not open the door for an attack upon those rates. He was puzzled as to why members of the committee could not seem to understand his argument. He persisted in advancing it as though committee members

were under some misapprehension and did not seem to understand that the commission would just be looking for information on revenues and costs.

The essence of the decision taken by the committee last week, in the light of that argument, was simply that the committee decided that no one should be invited or allowed to look into the question of revenues and costs because that could be interpreted as a springboard from which the Crowsnest rates could be attacked. The decision went that far, Mr. Chairman. Time after time when members on this side of the house advanced that argument, the argument was rejected. Since the minister is using the same argument in favour of the amendment before us today, I submit that the Chair must reject this amendment. There is no difference in his approach to the problem.

The minister is hoping that by changing the wording the committee will accept his version that this amendment is not an attack on the Crowsnest rates and that a review of costs and revenues should be allowed. However, the committee rejected that argument last week by a decisive vote. Once voted upon, that point should be dead. I must confess that I admire the ingenuity of the minister in the manner in which he attempts to introduce this amendment. I admire his ingenious arguments. I admire his effrontery when he tries to convince us that what is not so is so.

• (5:10 p.m.)

As I have said before in the house, the minister's arguments have convinced me, to use an old Newfoundland saying, that he has, in common with the Minister of National Defence, that trait of character that handles the truth most awkward. I think it would be a very sorry day for our parliamentary rules, especially those governing orderly debate in the house and which state that once a question has been settled it cannot be revived, certainly not by this sort of stratagem, if we ever allowed so blatant a move as this, which merely amounts to a twisting of words, to achieve its objective. If this were the case it would render meaningless from this time on any vote taken in committee. It would mean that by twisting words a little later when the government had all its members present it could reverse a previous decision.

I submit there is nothing more telling against the minister than his own words which he used when debating this matter last week. He said that we should not look at revenues and costs because in doing so it might be used as a springboard to attack the rates. For this reason alone, Mr. Chairman, I ask you to disallow this amendment.

Mr. Baldwin: Mr. Chairman, I have been sitting here waiting for understanding and comprehension to light up the face of the minister and for him to rise and say that he accepts the very valid arguments that have been advanced from this side of the house, on the assumption that not only would he have been thrilled by their quality but also excited by their quantity. However, I see that that is not the case so I must pursue for a brief period an extension of some of the propositions which have been made. I do so, Mr. Chairman, because this is a tremendously important issue. I think the minister is attempting in a very ingenious way to superimpose upon a previously accepted rule of the house what could be a very grave exception.

I do not propose to go over the statements made by the hon. member for Bow River, the Leader of the Opposition, the hon. member for Winnipeg North Centre and the hon. member for Winnipeg South Centre and others relating to the rules as contained within the four corners of Beauchesne, Bourinot and May. The rules are there and the minister is not quarrelling with them. The issue is the application of those rules to the fairly specific facts of this case. With this in mind, Mr. Chairman, what is the real pith and substance, the core or the root of what the amendment is trying to achieve? I submit we must compare the amendment with what the proposed section 32 which was struck out attempted to do. I believe there are three points to bear in mind. First, what are the subject matters to be dealt with? Second, what are they going to deal with? Third, what will be the results?

I think we can say there have been some additions to the subject matters. But I suggest that if Your Honour holds that this is the basis upon which you can distinguish this present amendment from others, then we are in for a lot of trouble.

Let me put the matter in concrete terms. Let us assume that there was a clause of this bill which provided that the sum of $100 million would be paid to the railway companies for subsidies by reason of their carrying grain at the Crowsnest rates. Let us assume that that clause was put to a vote and defeated in committee of the whole house. This having happened, Mr. Chairman, surely it would be impossible for the minister or the

government to come back with another clause which proposed to grant $100 million in subsidies to the railways for carrying grain under the Crowsnest rates and a further $20 million in subsidies in regard to some other statutory rates, and for the minister to contend that this proposition was different as a result of the addition of other moneys or the addition of other subject matters involving recipients of the bounty of the people of Canada.

The entire subject matter of this amendment covers in specific terms, as it must, the subject matter dealt with in the proposed section 329 which was rejected. Consequently I submit that it is not a sound argument to say that because the government has added additional subject matters which can be dealt with by the transport commission it has changed in quality and in substance the original subject matter which was before the committee.

As to the third point, what can be achieved, very simply it is that the transport commission may examine and investigate and as a result of its investigation may make a recommendation to the governor in council in terms of money that certain payments be made in respect of the continuing carriage of grain by the railway companies at the Crowsnest rates. That end result, Mr. Chairman, is precisely the same as the end result of the first subject matter which was before the committee, the proposed section 329 which was rejected.

This leaves us, Mr. Chairman, with only the consideration of the third point, namely, the method by which the parties can go before the commission and by which the investigation is carried out. I suggest that whether the review is mandatory or whether it is permissive is immaterial. If this bill dealt exclusively with procedural matters, then the minister's argument would be sound. But it does not; it deals with matters of substance. One of the matters of substance is an investigation by the board of whether or not under certain conditions a recommendation will be made to the governor in council for the payment of certain moneys. That is the pith and substance of that part of clause 74 that we are attacking, as it was the pith and substance of the proposed section 329.

So far as the actual grain is concerned I think there has been some misconception. As the minister realizes, when we talk of statutory rates we mean a number of things. We mean the rates applicable to the carriage of grain that were originally provided for in the act of 1897 and extended in 1925. We mean the railway lines which were covered by that act and by the orders made by the Board of Transport Commissioners, as well as by subsequent voluntary action by the railway companies themselves for economic purposes in extending the benefits to other lines.

Grain also includes flax, which was interpreted by the Board of Transport Commissioners to be grain—this was a judicial decision as the minister knows—and it also includes rapeseed which was brought in by amendment in 1960 or 1961. So I do not think that there is any question as to the subject matters being identical.

I suggest that this is the point which the Chair must consider most carefully. In making this suggestion I suppose that we on this side are raising arguments which might well be used against us in opposition. After all, in most cases it is the opposition that attempts to introduce amendments and also tries to distinguish the amendments and rules under which they are brought in from other cases which have arisen in the past. I think it is some measure of the independence, integrity and honesty of this opposition that it is prepared to make a case on arguments that may be used against its members at some other time.

An hon. Member: When we shortly form the next government.

Mr. Baldwin: As someone suggests, they may be used against us when we shortly form the government. However, Mr. Chairman, this is the point that I ask Your Honour to consider most carefully. If you can make a distinction on a basis of this sort, then it seems to me that with a little ingenuity—and this house is full of ingenuity, as I have found—there will be no stopping the methods by which amendments can be moved despite the fact that at some previous time during the session this house may have come to a contrary decision on the same subject matter. It is on that basis that I ask Your Honour to consider this matter most carefully when making your ruling.

• (5:20 p.m.)

May I say a word to the minister, not on the point of order but as a suggestion. If the ruling is to the effect that the amendment is not properly made, all the minister has to do is to bring to an end all of clause 50 which includes the repealing of sections 328 and 329 of the old act. We would be back under the old act with respect to the carriage of grain at

the Crowsnest rates and all consequent and ancillary provisions would apply.

Under section 38 of the Railway Act the government can direct a reference to the new transport commission envisaged under clause 74. I say this quite sincerely, because I think a proper case can be made out for what I say. The government can direct an inquiry and if the transport commission as a result of the inquiry comes to the conclusion that the rates are not compensatory, that something ought to be done about them, the matter comes back to parliament. This has nothing to do with the point of order but I suggest to the minister that if his amendment is ruled out of order the position is not hopeless. There is a way out and that way I have suggested.

Mr. Horner (Acadia): Mr. Chairman, if I may add a word on the point of order I wish to say something about the amendment to clause 74 proposed by the minister. I will not go into details about the rules as they have already been dealt with by others more able than I am. I say to you, sir, that you will be in difficulty if you accept this amendment as proper. The committee has already voted on the question of a review of the Crowsnest pass rates and has decided not to permit such a review. If the amendment before the committee is accepted as being in order it could mean that an amendment could be proposed to it and the committee once again could vote on the very question it decided last Wednesday. If this happens we can see that on other pieces of legislation there will be amendments to amendments to amendments, and votes on votes. In fact, this would destroy our parliamentary procedure in committee.

If the minister wishes this amendment to be accepted he should alter subsection 2 of section 470, which reads as follows:

> Subject to subsection (3), a railway company under the jurisdiction of parliament may make an application to the commission to investigate the revenues and costs attributable to the carriage of any commodity—

After the words "any commodity" he should add "other than grain under the Crowsnest pass rates".

Mr. Woolliams: I agree.

Mr. Horner (Acadia): The committee has already ruled on the question before it and it cannot be introduced again. If the minister is worried about other statutory rates all he has to do is include the words "other than grain under the Crowsnest pass rates" after "any commodity" in subsection 2.

Surely he knows the difficulty the committee will be in if this amendment is included in the bill. It will make a mockery of procedure. We ruled out by the vote last Wednesday a specific review of a specific statutory rate. The minister now wants to widen the base for a review. Other members have said that there is provision for that under clauses 15 and 38. This amendment is not necessary. It must be ruled out of order or the whole procedure in committees of parliament will be made a mockery. I urge you, sir, to rule the amendment out of order until such time as the minister redrafts it.

Mr. Pickersgill: Two or three points have been made and I feel I ought to say something about them. Perhaps I can deal with the point made by the hon. member for Peace River first. He suggested we might solve all problems by dropping clause 50. The hon. gentleman obviously has not read the last few pages of *Hansard* for last evening, because clause 50 has been adopted. In the argument he advances today he would ask the committee to reverse a decision already taken.

Mr. Baldwin: By unanimous consent.

Mr. Pickersgill: We could have the committee by unanimous consent accept my clause, which is as easy as reversing clause 50. I am not the least impressed by the hon. member's point.

Before dealing with anything else I must deal with a point raised by the hon. member for Medicine Hat because it has troubled me. The hon. member suggested that because these references to grain were in section 329, or whatever the appropriate section number is, an amendment might not be necessary. To clear that point I might say that the new section 328 adopted yesterday deals with grain and flour, including flaxseed, to Vancouver, Prince Rupert, Fort William and Churchill, and no place else. We have added Churchill to the statutory rates. Under section 371, rapeseed is included, to Vancouver Prince Rupert, Fort William and Churchill.

Under section 471 there are a number of other grain products which are not in the present statutes of Canada at all but are simply determined by orders of the board or decisions of the railway. We want them in the bill; we want them put into the law. They are grain and flour, including flaxseed and rapeseed, to Victoria, New Westminster and to Armstrong, and grain products to all delivery points specified in all these various categories. I think these are essential and therefore I

make no apology for asking this committee to put this classification back in. All I meant was that these are really essential. I know that the Chair and nobody else takes seriously this baby and the bath water argument. The sense in which it should be taken seriously is with respect to what I said about grain and grain products.

Mr. Woolliams: It does not say that at all.

Mr. Pickersgill: The hon. gentleman will agree with me that I know what I meant even if I did not say it very well. Perhaps I had better get away from the baby and the bath water.

Mr. Woolliams: The minister made mistakes about babies in Vancouver before.

• (5:30 p.m.)

Mr. Pickersgill: That was Victoria. The hon. gentleman reminds me of my past. I think it would be well to draw a veil over that. I now come to the argument of the hon. member for Winnipeg North Centre, and particularly to one observation he made. He said, if I did not mistake his meaning, that the railways could ask for a review at any time. If this is the case, of course, the only real substance in the proposed amendment is the provision that the railways cannot ask for a review until two years after the bill is passed in the case of statutory rates and until two years after a substituted rate may have been put into effect. So what we are doing in this amendment is abridging the general power of review.

The argument put forward by the hon. member for Acadia was, I thought, in some ways, the most ingenious of all. Despite its ingenuity, I still think it is wrong. The weakness of the argument, it seems to me, is this: he suggested that what we voted against was a review of the Crowsnest rates.

Mr. Horner (Acadia): That is right.

Mr. Pickersgill: That is not so, of course.

Mr. Horner (Acadia): It is.

Mr. Pickersgill: Perhaps the hon. member would allow me to finish my argument. It is not so if the hon. member for York South was correct in his interpretation.

Mr. Horner (Acadia): If "ifs and ands were pots and pans."

Mr. Pickersgill: Perhaps I could be allowed to continue. The hon. member for York South

[Mr. Pickersgill.]

said that under clause 25 the governor in council could direct this review anyhow.

Mr. Woolliams: He might have been worried about the labour vote.

Mr. Pickersgill: Whatever his motives were, he is a pretty good lawyer, as the hon. member for Bow River will admit, and he is a good judge of good lawyers. The hon. member for York South argued strongly that section 329 was not necessary because the governor in council could ask the commission to make a review at any time. I said I would not like to rely on that kind of power. Moreover, I did not think there should be any review for two years. I did not think that was a satisfactory way in which to proceed.

To come back to the point, I do not contest all these citations. Indeed, I sometimes wonder whether we could not abridge all these discussions on procedure by simply leaving out reference to the things on which both sides are agreed and confining our arguments to those matters which are in dispute.

I admit that if the amendment moved by my colleague the Minister of Fisheries is the same as the one which was defeated, it is out of order. But I contend that it is not. I contend that it does not deal with precisely the same subject matter inasmuch as it deals with all statutory rates, and all substituted rates which there may be in the future. I contend that it is different because it does not require the commission to carry out a review of a particular set of rates but that instead it gives the commission the faculty of doing so if an application is made to it by the railways. I contend that this is the most important difference of all. Instead of parliament saying that something should be reviewed, a railway company has to apply. Whether or not it will apply is a matter of opinion, though the right hon. gentleman made a lot of that point. Whatever the presumptions in that area may be, they have nothing to do with the pith and substance of an amendment of this kind.

I say there is all the difference in the world between establishing a tribunal before which one party may ask to be heard and establishing a commission which is ordered by parliament to carry out a review. This, I maintain, amounts to a substantial difference of principle between the two amendments and for this reason I suggest that my hon. friend the Minister of Fisheries was quite within the rules in moving the amendment.

Mr. Woolliams: I will be brief because I spoke fairly extensively when I first rose on this point of order. But with the greatest respect to the minister I say to him now that he is dragging a red herring through the discussion of this subject. The principle at issue is not the way in which a review is to be brought about. The principle at issue is what the subject of the review should be, and the subject of the inquiry is to be the Crowsnest pass freight rate, a statutory rate.

You will have noticed, Mr. Chairman, that while the minister was dragging this red herring across the path in an effort to make something which is bad and invalid appear good, he never once dealt with the arguments which have been advanced from this side of the committee. Let him admit now that 99 per cent of the statutory rates are represented by the Crowsnest pass freight rates. We have almost a billion bushels of wheat this year on the prairies and it is transported by the railways at the Crowsnest freight rates. No other commodity shipped on the railways compares in volume of shipment.

Is the minister trying to tell us that if he has, shall I say, a hair and a body and he fits the hair to the body he has constructed something which is essentially different? The minister has never come to grips with our arguments, especially our contention that this amendment is substantially the same as what was intended in section 329. The review would be the same. The evidence would be the same. The results would be the same. The decision would be the same.

I say to the Chair, with the greatest respect, that I do not see how it is possible to get around this situation. To do so would ruin the rules of the house. We would see the same thing being done day after day and the responsibility for it would rest upon the shoulders of the minister. What is this section all about? The one question it raises is whether the Crowsnest pass rates should be reviewed or not. With his genius, and only he has that kind of genius, the minister has added a reference to the other statutory rates. But when someone asked him last night what those rates were, do you know what the minister said? He replied: "I do not know what they are." Mr. Chairman, they amount to only a hair on that body of which I spoke a few moments ago. Yet the minister says it adds up to a difference in principle.

Mr. Bigg: I do not like to waste the time of the committee on questions of procedure and rules but it was only on Friday last that the minister reminded me that we might make a little progress by following the rules which we set down for ourselves. I should like to take this wonderful opportunity to throw that observation back at him.

An hon. Member: Did you catch it, Jack?

Mr. Bigg: This should not be an occasion for argument. It should be an occasion for guaranteeing to western Canada and the maritimes the historic rights which belong to them and which are required by them in order that they may exist. It is a matter of survival.

I can only reach the conclusion that pressure has not come from the C.N.R., because if the C.N.R. makes a loss we have to pick up the tab. The only possible reason for such an amendment as we now have before us is that the minister is being pressured by other vested interests which wish to see all our rail rates revised and some of them thrown down the drain. The railways have more than been repaid by the generosity of the government in land, mineral rights, rights of way through cities, and monopolies in carrying the mail.

• (5:40 p.m.)

We all know that when this omnibus bill becomes law those who interpret it will not be able to go behind the statute and say, "This is what the members of parliament wanted and intended." Instead they will read it and take it word for word. This amendment seeks to do through the back door what parliament refused to allow to be done through the front door.

We are not going to buy a pig in a poke. We want this legislation to be specific in as many of the clauses as we can make specific. We do not want a review of the Crowsnest pass rates to the detriment of the people in western Canada and the people in the maritimes. Those rates are the foundation of our survival in the economic life of Canada.

If the minister is bona fide in his intention to have more consideration given to rapeseed, flour and other products which will be shipped through Churchill and other ports, then instead of accusing us of stimying our own farmers why can he not put a provision in the bill, in plain, simple words that everyone can understand, that the Crowsnest pass rates will be honoured forever? There is great wisdom in the suggestion made by the hon. member for Acadia that if the minister does not intend to attack those rates then let it be spelled out in this amendment. There would then be no argument about it.

The procedural point is clear and plain. That which we ruled on last week we certainly do not have to rule on again this week. If this amendment is to be allowed at all it should contain something very specific, something which any layman can understand, stating that our prerogatives under the Crowsnest pass rates are defended.

The Chairman: If there are no further comments maybe the committee would allow me to make a short statement now. I want to thank members of the committee who have taken part in the discussion on this point of order. It has been an extremely interesting one.

May I read from Beauchesne citation 163 at page 137, which has been referred to by different members of the committee but which for my own purposes I would like to read now.

> A mere alteration of the words of a question, without any substantial change in its object will not be sufficient to evade the rule that no question shall be offered which is substantially the same as one which has already been expressed in the current session.

Then the final sentence of that citation states:

> It is possible, however, so far to vary the character of a motion as to withdraw it from the operation of the rule.

The question before the Chair is to decide whether or not, if the present amendment were passed, it would be in contradiction to the decision made by the house last Wednesday or, putting it another way, would the amendment be inconsistent with the decision that the committee made on new section 329 in clause 50 last Wednesday?

I think that the point which the Chair has to decide is this: is the amendment proposed by the Minister of Fisheries sufficiently different from new section 329 as to constitute a different question? This is not an easy question to decide. Your Chairman has been in the committee for most of the time when the transport bill has been under discussion, and while I do not profess to know anything about transportation I have followed hon. members' arguments very carefully, particularly on section 329 last week.

I consider the question that is before me an extremely important one not only so far as this particular bill is concerned but also so far as our procedure in this chamber is concerned. I would therefore crave the indulgence of the committee to allow me some time to consider this matter and to bring back a decision to the committee when I have made one that satisfies me in my own mind.

Some hon. Members: Agreed.

The Chairman: It now remains for the committee to decide what further action it prefers to take this afternoon.

Mr. Pickersgill: It would be profitless to go on discussing the amendment before we know whether it is in order, so in the circumstances may I ask whether we can agree to take clause 16 and dispose of it?

The Chairman: Does the committee agree to stand clause 74 until the Chair is able to present a decision on the question of order and to proceed with discussion of clause 16 as amended?

Some hon. Members: Agreed.

Clause 74 stands.

On clause 16—

Mr. Horner (Acadia): Clause 16 deals with the discriminatory aspects of the legislation. If a person can prove he is being discriminated against by any means of transportation he can appeal to the new commission. One has to study carefully the minister's suggested amendment to this clause to understand its actual meaning in relation to shippers who may be discriminated against by the railways.

Earlier I suggested that in line 32 following the words "may prejudicially affect the public interest" there should be inserted the words "or the business" or "a person's business." Under the clause as it now stands a person must prove that his business is large enough to affect the community in which he lives, or part of the province in which he lives, or possibly the whole of the country.

• (5:50 p.m.)

Mr. Pickersgill: I wonder whether the hon. gentleman would allow me to ask him whether he has a copy of clause 16 as it has been twice amended. It was amended a few days ago and again yesterday. It seems to me we ought to be discussing it as amended. I do not seem to have an extra copy at the moment but I could send my own copy over to the hon. gentleman.

Mr. Horner (Acadia): I would appreciate that.

Mr. Bell (Saint John-Albert): I thought the minister said last evening that there would be copies for all of us.

Mr. Pickersgill: I have had copies made of all these amended clauses but they have not reached me yet. I will have them distributed as soon as possible, but in the meantime the hon. gentleman may use my copy.

Mr. Horner (Acadia): In respect of this particular clause it is difficult to ascertain just what the minister meant by this proposed amendment which apparently has been accepted.

Mr. Pickersgill: The amendment has been adopted; it is not proposed.

Mr. Horner (Acadia): I said "which has been accepted", if the minister would contain himself. In looking at it I still wonder whether the definition of "public interest" is clear and concise enough to include a company, such as a small vegetable oil plant, which is affected only by a specific railway rate which it feels is too high. This company might feel it is being discriminated against and might wish to appeal to the commission. In my interpretation of the amendment the definition of "public interest" is still too broad. It does not seem to aid a small manufacturing plant which employs perhaps six or ten persons if that plant is being discriminated against because of a particular freight rate and wishes to appeal. This really does not give this plant the right to appeal. It must be proven that the rate is discriminatory to such an extent that the public interest is affected.

This is a point to which I think members should pay particular attention because the definition really is not clear enough, in my quick appraisal of it, to suggest that an individual or a company would have any real right to prove that his business is affected. Not too many persons or companies in the area might be affected and therefore he would have difficulty in proving he had the right to appeal and should be heard by the transport commission. I should like the minister to explain briefly whether an individual who felt he was affected and was being discriminated against, although the public interest was not affected to any greater extent than represented by himself or his company, would have the right to appeal under this particular clause as amended.

Mr. Pickersgill: Yes. The hon. gentleman probably has a set of the clauses now. This involves clause 1 as well as clause 16. If you read paragraph (b) of subclause (1) of clause 16 you will see that the expression "public interest" includes, without limiting the generality thereof, public interest as described in clause 1(d) which reads as follows:

> each mode of transport so far as practicable carries traffic to or from any point in Canada under tolls and conditions that do not constitute
>
> (i) an unfair disadvantage in respect of any such traffic beyond that disadvantage inherent in the location or volume of the traffic, the scale of operation connected therewith or the type of traffic or service involved—

Therefore I would say that any shipper who could allege that he was at an unfair disadvantage in comparison to some other shipper under similar circumstances would have a prima facie case and would have the right to be heard. If he convinced the commission, he would then have the right to have his rate changed to a substituted rate.

Mr. Horner (Acadia): The minister has suggested that we consider the amendment to clause 16 in conjunction with the amendment to clause 1 and that a person may have a prima facie case to appear before the commission if he can prove that another party is getting a better rate. For the sake of argument let us suppose that there is no other party engaged in a similar business in a similar location.

Mr. Pickersgill: I do not think he must be in a similar location. I think this requires only that the general conditions have to be similar. If there should be two shippers shipping over a distance of about 300 miles under the same kind of conditions generally and in the same quantities, then I do not think the one shipper would have to be in the same place as the other.

Mr. Horner (Acadia): If the minister is saying in effect that an individual will be able to build a prima facie case and appear before the commission if he is subject to a discriminatory rate, then I take it that the minister is accepting a fair interpretation of the words "public interest". What objection would the minister have to the addition, as was suggested in the committee proceedings, after the words "public interest", of the words "or his business"?

Mr. Pickersgill: I think we are just traversing ground which we have traversed before. This is almost precisely the same question that was put to me by the hon. gentleman previously. I have no new answer. The answer I gave previously was to the effect that if any transport costs affect his business I do not see how any tribunal on that basis could

reach any kind of conclusion at all. Surely if one were to decide that someone is at an undue disadvantage one would have to have somebody else to make a comparison with. If this can be assumed, then it seems to me you are home free.

Mr. Horner (Acadia): I do not accept that.

Mr. McCleave: Mr. Chairman, I am sorry the weather prevented my presence here yesterday when there was considerable debate on the matter of protection for the maritime provinces. I have, however, had an opportunity to read what the minister said yesterday and to give further study to the statutory law on this subject. Perhaps it is just as well that I was not here, because I have had an opportunity to have a fresh, second look at it. Even with the changes which have been brought about in the committee so far I think there is absolutely no protection for export traffic through any port in Canada or at least in eastern Canada. The argument I am going to make is not confined strictly to Halifax, Saint John or any Atlantic port but will embrace other ports as well, namely, those on the St. Lawrence river and the Great Lakes. I make the indictment of this particular bill, which is supposed to spell out some kind of a national transportation policy, that it is landlubber-minded. Despite the fact that the minister represents a constituency beside the Atlantic ocean, he has followed the landlubberliness of his colleagues in this present government.

• (6:00 p.m.)

There are four or five sections of various acts, including the present bill, that I should quote in making my argument. With such a wealth of material to choose from one hardly knows where to begin but perhaps I should re-emphasize what has been said by my colleague from Halifax, which really originated with the letter I wrote to the Minister of Transport on October 6 in which I listed the protection given to Canadian ports in various acts in the past.

Section 42 of the agreement with the Grand Trunk Pacific Railway Company in 1903, section 13 of chapter 6 of the acts of 1911 regarding the Canadian Northern Ontario Railway Company, and chapter 20 of the acts of 1914 regarding the Canadian Northern Railway System provided, I think without a change of wording anywhere along the line, as follows:

—the through rate on export traffic from the point of origin to the point of destination shall at no time be greater via Canadian ports than via United States ports.

[Mr. Pickersgill.]

I presume that whatever rights were conferred there persist to this day because after reading and re-reading the legislation we have before us I cannot find where those acts are swallowed up. But there is one section which particularly applies to eastern Canada where both the Canadian National and the Canadian Pacific have railway lines. I refer to section 14 (2) of the Canadian National-Canadian Pacific Act as set forth in chapter 39 of the Revised Statutes of Canada, 1952. This is what section 14 (2) states:

The board of directors shall so direct, provide and procure that all freight destined for export by sea that is consigned within Canada for carriage to National Railways either at point of origin or between that and the sea shall, unless it has been by its shippers specifically routed otherwise, be exported through Canadian seaports.

In other words, the railways of Canada are told that unless shippers express another preference they have to carry the export shipments of the industry of this country to Canadian seaports. Surely that is a laudable thing and is part of any rational national transportation policy which tries to give as much as possible to all areas of the country. But that provision, sir, is no longer in the law because quite recently this committee passed clause 76 of Bill No. C-231, which provides that the Canadian National-Canadian Pacific Act is repealed. Therefore section 14 (2) of that act, which I have just read to the committee, will be one with the dodo when parliament has given its approval to Bill No. C-231.

Is there anything else to provide a substitute? The minister has made two attempts to arrive at a solution in this respect, one of which is, I think, quite relevant to this section or I would be ruled out of order. To clause 16 (3) (a) he has added the words "or to the movement of commodities through Canadian ports." I do not know what effect this provision will have on the law. Having read the whole of clause 16, I do not think it is suggested that one could successfully make a case before this commission that one would be aggrieved if the railways, for example, started to transport exports through American seaports.

Whatever the intention of the minister, and I do not fault him for his intention but for the way he is carrying it out, the fact is that in my opinion and in the opinion of others with whom I have talked, including experts on matters of railway freight, this is simply not enough to carry out the laudable purpose embodied in a requirement that goods be

shipped through Montreal, Quebec, Halifax, Saint John, or any port you wish to name, if the railways decide otherwise.

The other question about which there was some whoop-de-doo yesterday—I am sorry I was not here to take part in it but the weather prevented my being here—was the new clause 59 presented by the Minister of Transport. The relevant part of it is that the bill be amended by inserting a new clause 59 and that new section 343 of this bill is amended by adding another subsection. The relevant part of the amendment is:

> —nothing in this act shall be construed to affect any obligation imposed upon any railway company subject to the jurisdiction of parliament by any other act or any agreement made pursuant thereto requiring the company (b) to route export traffic through Canadian seaports.

That also looks all well and good, but what is its effect? I suggest the effect is that if there is any obligation in the law after Bill No. C-231 is passed that obligation under the law is not altered or changed by the bill. But the rub is that the provisions which gave us protection are repealed by Bill No. C-231. The section of the Canadian National-Canadian Pacific Act which I quoted, for example, goes out the window as soon as Bill No. C-231 takes effect.

I will read the relevant section again. To my mind this is just as vital an issue as the one we have grappled with all afternoon dealing with the Crowsnest pass rates. It is as vital to the maritimes to have something to promote—

Mr. Pickersgill: Mr. Chairman, I wonder whether I could perhaps assist the hon. gentleman a little?

Mr. McCleave: I do not know whether I will be assisted by what the minister has to say but I am perfectly willing to let him speak.

Mr. Pickersgill: I am informed that the provision with respect to routing which was originally in part I of the Canadian National-Canadian Pacific Act was transferred in 1955 to section 21 of the Canadian National Railways Act and is therefore still in full force and effect.

Mr. McCleave: It may be in full force and effect with regard to Canadian National Railways. I would want to read that section before accepting what the minister has said. I presume that this advice came to the minister from his officials in the gallery. As far as I can see, there is no requirement in the bill we are now considering that imposes an obligation on the other great railway system to use Canadian seaports for its routing of export traffic. I say that Bill No. C-231 is deficient in this aspect. I also fear that by repealing a large chunk of previous legislation in this field there is really no obligation that will exist in any other act once we pass Bill No. C-231, because an act that is dead and gone imposes no obligation whatsoever on anybody. One cannot take an act that has been repealed and single out any particular section and say that somehow or another it is still alive, unless that section is specifically preserved.

• (6:10 p.m.)

I hope the minister and his advisors, in dealing with the problems involved in the formation of a national transportation policy, will look to the seaports of Canada and particularly those on the east coast which are faced with difficulties that have built up over a period of years to the peak which exists this winter.

The difficulties faced on the Atlantic coast were thoroughly presented by the hon. members for Saint John-Albert and Halifax. They presented figures which show a substantial loss of tonnage in these ports, almost equally matched by a substantial increase in tonnage at the St. Lawrence River ports. This is of concern to us and I do not think any measure such as that embodied in clause 1 of this bill will help much. It is only a pious proclamation of hope rather than a definitive injunction in law against the railways, requiring them to follow a certain course of conduct.

By reading *Hansard* I have followed closely the arguments presented during the last two or three days in respect of clause 59. I have read and reread that clause. It does not reassure me that something new will be done to assist the maritime transportation situation, particularly the port aspect. I am not satisfied that anything new has been added to give that area protection.

The minister may follow one of two courses of action. I understand that the final report of the study on maritime transportation problems will shortly be on the minister's desk for consideration. Perhaps some "i's" have to be dotted and some "t's" have to be crossed, but if my information is correct that report is about complete. I hope the minister can move quickly in adopting its recommendations so that transportation problems in the maritimes, which have not been touched to any

extent by this bill, can be solved during this session or during the next session which one hopes will commence in a month or so.

Perhaps during the dinner recess the minister and his officials can come up with a more effective plan to assist the Atlantic seaports. We are not satisfied with Bill C-231. The seaports of Halifax and Saint John have suffered grievously. The minister has uttered warm words in this regard but warm words cannot provide work for the longshoremen of those cities.

When the government is considering the report on the special maritime transportation study I hope it will remember what has been said here in the last couple of days, and I hope it will not be satisfied that Bill C-231 will provide the assistance the Atlantic area needs to solve its transportation problems.

Finally I should like to make a prediction. A great deal has been said about compensatory rates. Let me suggest in the most Cassandra-like way possible that a transportation policy cannot be based on compensatory rates. If we are to expect development in western Canada and in Atlantic Canada some other method must be devised.

[*Translation*]

The Deputy Chairman: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised on the adjournment motion tonight are as follows: the hon. member for Portneuf (Mr. Godin), Trade—repercussions of the importation of shoes on the Canadian industry; the hon. member for Queens (Mr. Macquarrie), House of Commons—inquiry as to use of electronic voting machine; the hon. member for Bow River (Mr. Woolliams), National Parks —use of expropriation to halt court cases.

[*English*]

Mr. Bell (Saint John-Albert): The hon. member for Halifax now has me worried, particularly because of his reference to the minister's answer. The minister stated by amendment in 1955 the Canadian National Railways Act now protects what formerly was in the Canadian National-Canadian Pacific Act in this regard. My obvious question is, what will happen in the case of the Canadian Pacific Railway in those areas in the maritimes serviced by the Canadian Pacific? I am particularly anxious to hear the minister's reply.

[Mr. McCleave.]

Mr. Pickersgill: I intend to reply to that question but I will not do so until I have received a little more advice than I have received up to this time.

Mr. Bell (Saint John-Albert): I hope careful consideration will be given to this matter.

Mr. Pickersgill: I do not want to argue about it but I do want to have the facts.

Mr. Bell (Saint John-Albert): While we are dealing with clause 16 I should like to intervene for the last time. At the insistence of members on this side there has been an addition to clause 16 in respect of matters that shall be considered by the commission. We appreciate the co-operation which has been shown although we feel it falls short of what we had desired.

I should like to make a few remarks in respect of this clause. Perhaps I will not do any harm by repeating my objections and thoughts. Someone will have to interpret the new phrases and words which appear in this clause in respect of the actions of the commission. We now have a lot of interpretations established over the years and certain words and phrases have taken on certain connotations. Let me point out that the phrase "undue obstacle" represents only a hope, because it will not solve the problem which exists as a result of the geographical location of the eastern provinces. I hope that the commission will give a generous interpretation to the words "undue obstacle", and that it will include our geographic disabilities. If this is done, we will have something more than we had when this provision was first drafted.

• (6:20 p.m.)

In so far as the last part of the amendment which the minister made last night is concerned, I have looked at it three or four times and I think it is good. It adds something more. I refer to the phrase, "to the movement of commodities through Canadian ports". If this phrase is generously interpreted by the commission, then we will have something which, while not as much as we wanted, will at least give us some hope. This concludes my remarks on clause 16, provided the minister's advice is good.

Mr. Kindt: I should like to make some remarks in the spirit of trying to be helpful to the minister. In so far as this special appeal and investigation is concerned, the minister and anyone who has had experience with commissions knows that it is far easier for

the commission to say no than to say yes to a request for a special investigation. In fact, my experience has been that the weighting is about 75 per cent in favour of no and 25 per cent in favour of yes. In other words, after a certain period of time has passed the commission will develop patterns of thinking and sort of get into a rut. With all due respect to the minister and his desire to give fair treatment to those who may be requesting special investigations or making appeals, I am afraid that those making those requests will be out on a limb, so to speak, without very much opportunity of obtaining any redress.

Perhaps the minister is of the opinion that what he is doing here is the answer for those who wish to have their rates investigated. However, in my view I think the chances of a person accomplishing what he is setting out to accomplish by having a special appeal are thwarted by the way in which the provision has been written into the bill.

Mr. Pickersgill: I wonder whether the hon. member for Saint John-Albert could pay attention to me now, and I think it would be a good idea if he stayed with the hon. member for Halifax so that they could both hear what I am about to say. I am happy to say I do not seem to have lost all my faculties because I guessed the answer to this question. However, I have it now in black and white. The Canadian National-Canadian Pacific Act never applied to Canadian Pacific Railway reroutings but only to the Canadian National. The Canadian Pacific rates have been kept the same because of competitive factors.

Perhaps I should not try to interpret the mind of the late Prime Minister Bennett who introduced this legislation, but I suspect the reason was that while Canadian National has some choice of routes to United States ports the Canadian Pacific does not. The Canadian National could use Canadian National lines in Canada or the Grand Trunk line to Portland. The Canadian National could, therefore, protect Canadian ports in this respect. As I have already indicated, the Canadian Pacific has no choice. They have no line going to any United States port, and if they want to keep the traffic they have to send it over their own line. They do that. In any event, the repeal of the Canadian National-Canadian Pacific Act will take nothing away because the obligation was never imposed on the Canadian Pacific at any time.

Mr. Bell (Saint John-Albert): I appreciate the minister's explanation of these circumstances. Provided the minister's advice that the Canadian National-Canadian Pacific Act only covered the Canadian National with regard to matter of shipping to Canadian ports, then my fears are unfounded. It might be that I will be ambitious enough to check that and make certain.

Mr. Pickersgill: As the hon. gentleman knows, I did not check it myself. I would not have too much confidence in the result if I did. I have sought the advice of the draftsmen and law officers, and this is the advice I am given. I feel quite sure it is correct.

Mr. Bell (Saint John-Albert): This is no reason for the minister not putting something in the bill.

Mr. Pickersgill: I think that the hon. gentleman has a point there. If as a result of the studies that are now being made we find there would be any practical effect in doing so, then I think it would be a good thing to do. Quite honestly, I nearly answered on impulse when the hon. gentleman was speaking because, having the map pretty well in my own mind, I could see that line to Portland and I could see how the Canadian National could circumvent this provision. However, I could not see how the Canadian Pacific could without losing the traffic altogether to United States railroads. I do not imagine they would want to do that.

If there were some useful purpose to be served, there would be no reason for not doing this, particularly once we accept the principle that if we impose an obligation like this on the railways and it is not compensatory, then they should be compensated. Perhaps I should say that I accept quite cheerfully the admonitions of the senior member for Halifax. He is quite right when he says we should never have a national transportation policy at any foreseeable time in the future in this country if it is based exclusively on compensatory rates. We are not trying to do that. What we are trying to do is to make the various carriers earn their living if they can, but above all to make sure there is adequate transportation for Canadians in every part of Canada. If some part of that transportation system has to be paid for by the taxpayers, then it will not be the first time that has happened in Canada. We would not have confederaion without it.

Mr. Bell (Saint John-Albert): I do not mind saying to the minister that I am still a bit worried about the final effect of the removal

of the exception in section 334, the compensatory one. I hope we accomplish what we wanted to accomplish when we had it. I close now by saying that I hope hon. members have gained the impression it is not a case of the maritime ports asking for something they did not have. They are in such desperate shape now that they are fighting a rearguard action. They are just trying to hang on to something they had and are not having too much success in doing that.

Mr. Cantelon: Yesterday, Mr. Chairman, I asked for a statement on just what the situation was with respect to the phrase "public interest" in clause 16. I find that the new clause 16 retains this phrase. While I realize that according to clause 16 public interest includes, without limiting the generality thereof, the public interest as described in clause 1, I am still left in some fear that the interpretation of that phrase by the courts may be harmful to private business and certain individuals. For that reason I feel it would be wise if we had a modifying statement with respect to this phrase. The new section very much enlarges the original section 317, and it now includes not only railways, but water carriers, motor vehicle transport, air lines and even commodity pipe lines. However, it is my opinion that even the new section, which I suppose will be the final new section, is almost as unacceptable and objectionable as the original section 317, and the difficulty lies in use of the phrase "public interest", a phrase which the minister stubbornly insists on retaining.

• (6:30 p.m.)

I really cannot understand this insistence, Mr. Chairman, because this is the first time in the history of rate regulation dating back to 1903 that the government has decided to require the shipper to prove that the rate he is complaining about prejudicially affects the public interests. Nor can I find any attempt that has been made, which in my view is complete, to define the phrase "public interest". There is still difficulty in it, in my view.

Mr. Pickersgill: Has the hon. gentleman considered the reference to clause 1 that is in what he calls the new clause 16 which, at the time it was adopted, seemed to satisfy the hon. member for Peace River and most of the other hon. members, and was indeed put in very largely at their suggestion?

[Mr. Bell (Saint John-Albert).]

Mr. Cantelon: I do not know whether it satisfied the hon. member for Peace River or the other members who were interested in it, but I can say that it does not satisfy me, and it is on that basis that I am speaking. I think there are others who have the same feeling that I have.

Under the sections of the present Railway Act which are being repealed, a shipper was required to prove only that the rate prejudicially affected his own personal interest or the interest of his business. Now, Mr. Chairman, just why should that be changed? This is a long way from the public interest by any definition.

This was the burden of the criticism that we heard in the committee of the original section 317, and in effect of the new clause 16 which was then proposed, though not of course, of this last new clause 16. I believe, as I have already said to the minister, that this criticism is justified, and it is most regrettable that the phrase was not modified. In my opinion an amendment is appropriate here, and this amendment I intend to move later.

In arguing this point it is notable that Alberta's submission, which was made by Mr. Frawley, placed a great deal of emphasis on this particular phrase "public interest" and objected very strongly to it. He argued, if in order to compress them a little, I may be forgiven for paraphrasing his submissions, that the shipper will be complaining about the rate that his business must pay. He must justify his complaint on the ground that the rate affects his interests. How then can he be expected to prove that his complaint is justified on the ground of public interest when the business in his own that is being discriminated against?

I will come back to Mr. Frawley's argument in a moment, Mr. Chairman. It seems to me that the phrase "public interest" was introduced as one more concession to the railways. It also seems to me that it is quite obvious that applications by single shippers on this ground will certainly fail because of inability to discharge the quite impossible onus of proving prejudice to public interest, whatever that may be. Nor do I think that clause 1 eliminates this responsibility; it gives too much right of interpretation to the commission and to the law officers. In my view, the result will be confirmation by the commission of rates which prejudicially affect a shipper's own business.

The submission of Manitoba was presented by Mr. Mauro, and he did not like the phrase "public interest" either. Mr. Mauro put it this way in reply to a direct question from the hon. member for Medicine Hat, as reported at page 2597 of the proceedings before the transport and communications committee:

We are suggesting the amendment that appears in our submission, because we could find no indication of criteria for determination of injury to the public interest. We could find the negative one, that private interest was not public interest. We can find certain jurisprudence that would indicate that private interest is definitely not public interest. We do not seem to be able to find the positive side of what is public interest, short of what the party who has the authority to determine it decides upon.

That is the exact point I want to make, Mr. Chairman—"short of what the party who has the authority to determine it decides upon". In this case, of course, it would be the commission.

To return to Mr. Frawley's submission on behalf of Alberta, at page 2766 of report No. 39 of the committee proceedings on November 22 one finds a question which Mr. Frawley put to the Minister of Transport with respect to this particular matter, namely the question of public interest. Mr. Frawley asked:

What in the world is the connection between public interest and this man in southern Alberta complaining about his rate?

The minister thought that over and, of course, came out with the usual expert reply—and he does make excellent replies—in these words:

If Mr. Olson would permit me, this is one point I meant to make and forgot. It was never intended, of course, that appeals under section 317—

I interject here to say that section 317 is now, in effect, clause 16.

—should be limited just to shippers. There is no reason why the government of Alberta should not complain that a certain rate was not in the public interest.

Mr. Frawley: I would expect that the government of Alberta would be taking up the instance of this shipper and that shipper, and it would just be the sum of the part. I do not quite know how we would get away from the obstacle of proving public interest.

Then Mr. Frawley, who is a lawyer and who has been very much concerned with railway matters for quite a few years, said he felt that his question of public interest was not one that a shipper could easily prove. Certainly the minister's suggestion that the government of Alberta should fight his battles for him is a rather strange one, and I am rather surprised that he makes it because usually he does not make strange suggestions. However, it seems to me it confirms the objection that Mr. Frawley was making; that is, that it is going to be very difficult for an individual shipper to prove that his business is in the public interest.

The minister's last minute attempt to equate public interest with the position of a provincial government in freight rates matters is not very convincing. In fact it is almost an admission that the shipper, the one most concerned, would find it impossible to prove that his rate violated the public interest. Is the minister, then, saying that a shipper complaining about unjust discrimination must get his provincial government to take his case to the commission, and if he does not succeed in interesting the province to retain counsel and take up all the individual cases which arise, then this highly praised section 16, the one that the minister puts such faith in, is just a complete failure? In my view, the public interest requirement destroys section 16 completely.

Professor Williams' views on the old section 317, which is almost the same as the new clause 16, are set out at page 2844 of the proceedings of the transport committee for November 24. I will not quote his words because anyone can look them up if he so wishes, but his opinion is that section 317 is unacceptable and objectionable. His opinion is the same with regard to the new clause 16. He is certain that it is no substitute for the present provisions of the law—that is, the present sections 317, 319, 323, etc.—of the existing Railway Act.

The principal reason for Professor Williams' opinion is based on this question of public interest, with which the section deals. He believes it does not deal with the effects of a discriminatory rate adjustment on the business of the individual shipper. Professor Williams, a man of international reputation in transportation economics, is squarely of the opinion that the public interest requirement makes the new section a useless substitute for the existing prohibitions against unjust discrimination in rate making.

• (6:40 p.m.)

That being so—and I am assured that these gentlemen have not changed their ideas—I feel certain that much difficulty will come about if we leave clause 16 unamended. For that reason I am about to move an amendment seconded by the hon. member for

Acadia. I am not certain, in quoting, the actual line numbers, and so on, as in the mimeographed part we have no lines. I move:

That clause 16 (2) (b) be amended as follows: In the line "may prejudicially affect the public interest in respect".

After the word "affect" insert the following words "the business of the complainant or". The line would then read: "May prejudicially affect the business of the complainant or the public interest in respect of."

I am sorry I have only one copy of the amendment.

Mr. Pickersgill: Before the Chairman puts that amendment I wonder if I might ask a question of the hon. member for Acadia. I wonder whether this was not moved before and rejected by the house. I am not quite sure. Could that be verified, perhaps? I know the hon. member brought up the point and suggested he would move an amendment.

Mr. Cantelon: Before the hon. member for Acadia answers, this is the point about which I asked the minister yesterday. I heard no answer. So far as I can see there has been no definite treatment of this amendment, and that is why I have now presented it.

Mr. Pickersgill: I am sure there must be a record at the table. This debate has gone on for so long that I am sure the hon. gentleman will not fault me for not remembering everything. I remember the point being raised by the hon. mmber for Acadia, who suggested he might move an amendment. Quite frankly, I have forgotten whether he moved it. It may be, in the light of the extensive amendments fabricated as the result of the observations of the hon. members for Peace River and Springfield, if I remember correctly, that the hon. member decided not to move his amendment.

While the matter is being looked up I might direct a question to the hon. gentleman about the relationship between clause 16 and clause 1. I would ask him whether he feels that this amendment will add much to the rights the shipper would have. If he looks at clause 16 (1) (b) he will see this:

the expression "public interest" includes, without limiting the generality thereof, the public interest as described in section 1.

If you look at clause 1 (d) you will see where the public interest is described. It says:

—each mode of transport so far as practicable carries traffic to or from any point in Canada under tolls and conditions that do not constitute

(i) an unfair disadvantage—

And so on.

[Mr. Cantelon.]

All a shipper needs to do, it seems to me, is to look at the rate someone else is getting in like circumstances and say that the rate he has been offered constitutes an unfair disadvantage. While the words here are not precisely the same as the word "prejudiced" they are, I think, much more specific and would enable someone to make a much better case. How do you prejudice somebody's business? You could perhaps prejudice somebody's business by charging any tolls at all, if you get a situation—as came up in one suggestion yesterday—where the rate from Ottawa to Halifax and the rate from Ottawa to Montreal would be the same. In that case could not someone in Canada say that his business was being prejudiced because a low rate was given for this longer distance to someone, somewhere else?

Mr. Forrestall: You are picking on us again.

Mr. Pickersgill: I just picked the first illustration I thought of. Perhaps I should take an illustration from western Canada. Suppose for example the rate from Medicine Hat to Winnipeg was the same as from Brandon to Winnipeg. Would not a businessman in that case be able to say that one rate was giving an undue disadvantage to someone in Medicine Hat over someone in Brandon? It seems to me that the words the hon. member for Peace River suggested should be included as part of the definition of public interest, so that there would be no question of undue disadvantage, except that inherent in different volumes of traffic and all the other things set out here which are almost taken from the Manitoba brief, as the hon. member for Kindersley will undoubtedly recall. I have been filling in time, but I did so to ascertain whether any such amendment was ever moved.

Mr. Olson: Could we not have copies, so that we may understand it?

Mr. Horner (Acadia): The minister asked a question, and I ought to answer it.

The Deputy Chairman: Order, please. Shall I read the proposed amendment?

Mr. Pickersgill: I ask Your Honour not to read it until we settle the question of whether it has been moved before.

Mr. Horner (Acadia): I suggested something similar to this on January 10, or when this clause was first debated, but I did not move the amendment. I did not move it because the

minister late in the evening of January 10 suggested an amendment which I said went a long way towards the objective we wanted in the bill. I wanted to study it, and that is why I did not pursue the question. The next day we went on to study clause 16.

I do not see what harm would be done by the amendment, and I shall have more to say about it when it is moved. Perhaps that has answered the minister's question. I ought to allow someone else, who wishes to, to speak.

Mr. Pickersgill: Since my objection has been removed perhaps the Chairman could put the amendment, if the hon. gentleman wants to persist.

• (6:50 p.m.)

The Deputy Chairman: May I inform the committee that we have sent the one and only copy of the amendment to be copied, so that copies will be available to hon. members within a few minutes.

Mr. Pickersgill: Perhaps the hon. gentleman could repeat it from memory, because I wish to say a word about it.

Mr. Cantelon: That is quite a burden on my poor memory, but I will do my best. It dealt with clause 16(2)(b) and asked that after the word "affect" in the line "may prejudicially affect the public interests in respect..." the following words should be inserted—"the business of the complainant or", making the line read: "may prejudicially affect the business of the complainant or the public interest in respect of".

Mr. Pickersgill: I think I could put my objection to this amendment in a single phrase. I would think that those words are so wide as to open the door to a whole mass of frivolous complaints and would be bringing in by the back door all the bureaucratic disadvantages of a system of regulated rates as opposed to competitive rates. I believe that the "undue disadvantage" protection which can be invoked in order to get a case before the commission does provide adequate protection for shippers in specific terms.

I very much fear that if shippers were just allowed to allege that something was prejudicially affecting their business the commission would be required to exercise a discretion far beyond the phrase "public interest", unless it was very tough and paid almost no attention to the complaints. For these reasons I am not prepared to accept the amendment.

Mr. Olson: I wish to say at the outset that clause 16 is very different from the clause first introduced. The minister and the members of the standing committee know very well that when we began work on this bill there was no such clause at all. I wanted to say to the minister that what we have here is a substantial improvement.

At the same time I do not see the validity of the hon. gentleman's objection to the amendment which has been moved. The hon. member for Kindersley has inserted the amendment into a paragraph which says that the commission should make an investigation if it is satisfied that a prima facie case has been shown. In other words, the possibility of frivolous complaints being made is removed, since an applicant must establish a prima facie case before the commission is obliged to make any investigation.

I am sure the minister must understand this. I share the concern felt by the hon. member for Kindersley about the removal of the protection which used to be in section 317. I was concerned about this while the bill was before the standing committee and at that time I questioned some of the people I believed to be familiar with freight rates and their application. There have been many cases before the Board of Transport Commissioners in which pleas were made on the basis of discrimination. Such pleas could only be founded on the fact that the rate had an effect prejudicial to the complainant's business. In some of these cases no attempt was made to argue that it had a prejudicial effect on public interest.

Now the safeguarding phrase does not appear. In the light of the protection to which I referred a few moments ago, perhaps the minister will consider restoring the right, or the traditional privilege, which has been removed along with the old clause 317 of the Railway Act. I agree to some extent that if a shipper has reason to believe that a rate established by a carrier does predudicially affect him it will be possible to argue that the public interest also would be affected, since he would have employees and others depending on him whose interests would suffer, and that these circumstances are provided for in the definition of public interest in relation to clause 11.

However, it does not seem to me that any harm would be done by leaving the phrase "the business of the complainant" in the bill. After all, if a shipper had a complaint he would first of all go to the new transport

commission, either personally or through counsel, and if the commission immediately said to him: "We do not believe there is a prima facie case of prejudice here" then no further action would be taken anyway.

Does the minister not think it would be better to bring this provision a little nearer to individual cases rather than leave room for arguments to develop later as to whether or not the public interest is involved, and having cases which do not affect public interest dismissed out of hand? The counsel for Manitoba, Mr. Morrow, said he could find jurisprudence to the effect that private business is not public business. There is an order in council which I quoted to the minister not long ago in which it is specifically stated that an applicant could not claim that the public interest was affected on the ground that his private business was prejudicially affected.

Mr. Pickersgill: The hon. gentleman will admit, after reading clause 1, that in clause 16 an undue disadvantage is defined as part of the public interest, so there could be no question in that case. I do not know what other kind of prejudice there could be. This is what really puzzles me. I can see that undue disadvantage, discrimination as between one shipper and another, is certainly prejudicial. I do not know what other form of prejudice the hon. gentleman has in mind. If I were given some concrete example I might be able to form some opinion as to what the commission is being invited to do.

• (7:00 p.m.)

Mr. Olson: I admit that clause 16, read together with clause 1, taking into account the relationship that is now in the wording, is a great improvement on what we had previously. I am not denying that, but I believe there may be another area where a shipper may have reason to believe that he is paying a disproportionately high contribution in the rate above the variable costs.

New section 336 will be all right in some cases dealing with light car loadings up to 30,000 pounds or under 30,000 pounds, but it has no value in the old formula on heavy loadings. There may be cases where no comparison can be made, where no other shipper is shipping nearly the same thing from nearly the same point. In such a case a shipper should be able to go to the commission and declare that he is paying a disproportionately high contribution over and above the variable costs, say 200 per cent or 300 per cent, on the basis of loadings. He may be able to convince the commission that the rate is high and he may be able to argue that it is prejudicial to the best interests of the region in which he operates.

That is why I say there is another area in which it may be a little difficult to prove public interest, but a shipper may be able to prove that a rate is prejudicial to his business. I am not going to speak on this matter again and, as I say, I think this is an improvement on what we had previously.

Mr. Pickersgill: I think, sir, there was a general feeling that we were going to rise at this time until eight o'clock.

The Deputy Chairman: May I inform the committee that the Chair wishes to confirm that the amendment was not moved previously.

Progress reported.

The Acting Speaker (Mr. Rinfret): Order. I understand a wish has been expressed by the committee that we suspend sittings between now and eight o'clock. Is this agreed?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Rinfret): And is it agreed that we resume the work of the committee at eight o'clock?

Some hon. Members: Agreed.

TRANSPORTATION

PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed consideration in committee of Bill No. C-231, to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Rinfret in the chair.

The Deputy Chairman: Pursuant to the order just made by the house I do now leave the chair.

SITTING SUSPENDED

SITTING RESUMED

The committee resumed at 8 p.m.

The Deputy Chairman: Order. House again in committee of the whole to consider Bill C-231. When the committee rose at seven

o'clock we were considering an amendment submitted by the hon. member for Kindersley. For the information of the committee perhaps I should read the amendment. The hon. member for Kindersley moved:

That clause 16 (as amended) be amended as follows: In subclause (2) (b), in the line "may prejudicially affect the public interest in respect of", after the word "affect" insert the following words "the business of the complainant or". The line would then read: "May prejudicially affect the business of the complainant or the public interest in respect of".

The hon. member for Acadia.

Mr. Horner (Acadia): Mr. Chairman, as I suggested previously I have a few more words to say in respect of clause 16 and its proposed amendment. Actually there are two major clauses in the bill having to do with the discriminatory aspect of rate setting which this bill allows the railways to be involved in. In respect of new section 336 which was dealt with earlier, we were not able to convince the minister that it should be amended or that a broader definition should be drawn up with regard to the interpretation of "captive shipper" or a captive area. Since we have been unable to convince the minister that there should be an amendment made to section 336, it becomes more evident that clause 16 should at least be strengthened. I should like to say quickly that it certainly is strengthened by the minister's amendment, but the question remains whether it is strengthened enough in view of the fact that we were not able to amend section 336 in any shape or form.

I believe this amendment strengthens clause 16. It gives an individual a right to appear before the board in an effort to establish a prima facie case that the railways are discriminating against his business. This means that he would not have to establish there was discrimination against the public interest or the community in which he lives, or in half the province or in the whole province in which he lives, but merely against his business.

In order to clearly understand this one would have to go back to the old railway act and the principles enunciated in this transportation bill. The old railway act established the Board of Transport Commissioners in, I think, 1903. That board was set up because of a monopolistic atmosphere which prevailed across Canada in respect of the railways in those days. There were a number of specific clauses which outlined what the railways could and could not do. The act went on, in effect, to suggest to the railways that they could not increase their rates unless they established a prima facie case that their rates were in need of being increased to assure their remaining in business. The whole onus at that time was on the railways to present arguments to the effect that the rates should be increased, that the rates were not discriminatory and so on.

In this bill the whole onus is placed on the shipper. He must prove he is a captive shipper. In this case he must prove not only that he is being discriminated against by a mode of transportation but also that it is in the public interest that he and his business be not discriminated against. It is not good enough to prove that he himself is being discriminated against by a railway company; he must prove that it is in the public interest that he be not discriminated against.

I think one must look at the whole concept of this bill. In it the railways are being allowed to bring in any rate they like. The minister has suggested that clause 16 offers insurance. Actually it goes quite a bit further than the original bill. In looking at the original bill, I notice that there have been something like 65 or 70 amendments. In the committee hearings we urged the minister to do something about this discriminatory aspect of the matter. He came up with the suggested new clause 16 which took the place of old section 17 in the Railway Act. But once again one must ask oneself what protection is being given to an individual, a captive individual or an individual who is being discriminated against. It is all well and good to give the railways the right to set any rates they like, but we must also remember that the minister admitted there still are some errors where a monopolistic atmosphere exists. In the minutes of proceedings and evidence No. 23 of the committee on transport and communications he stated he had difficulty in reaching the conclusion that the industry would be better off if the railways were allowed to set their own rates. He admitted that he had difficulty in finding areas in which a person would be in a monopolistic position.

We have arrived at the position where the railways are to be given the right to set their own rates. We have also arrived at the position where we realize monopolistic situations exist and that there are areas where the railways may be discriminating against a shipper. We must ask what protection we are giving an individual shipper who finds himself in either a monopolistic position or in a

position where he is suffering from a discriminatory rate set by a railway. As legislators we must be prepared for this. I suggest earnestly to the minister that his only argument against this amendment is that it will open wide the door to a mass of frivolous complaints. I suggest that the minister reconsider that statement. Surely he knows that a person who appears before the board will have to prove that the rates are discriminatory against his business. In other words he must prove that the freight rates are putting him out of business.

The representative of the mining association appeared before the committee and quite conclusively pointed out that freight rates could and did affect their business, that they accounted for something like 50 per cent of the cost of their final commodity. Dr. Borts, when appearing before the committee, said that the formula instead of being 150 per cent above the variable cost, is something like 350 per cent above the variable cost.

• (8:10 p.m.)

If one projects the thinking in this regard and reads the committee proceedings, one finds that the mining association said that in a particular case transportation constitutes 70 per cent of the cost of their product. I asked the mining association officials whether they had any protection under this bill, and they said no. I then asked whether it would be conceivable that they could in fact be priced out of business. They assured me that this could very, very easily happen. Their commodities are sold all over the world. As everyone knows, ocean freight rates are far cheaper than rail. As I say, they assured me they could very, very easily be priced out of business by a competitor in another country. The officials of this association told me that if we did not give them some protection, this could happen.

The minister can talk all he likes about a provision with regard to discrimination being included in this clause. He says there must be two like industries hauling a similar commodity a similar distance, and if one rate is higher than the other, one must be discriminatory. This argument does not hold water. It is not conclusive because in many, many cases there will be only one industry, and the competitor may be in another country and moving goods into this country under ocean freight rates.

Mr. Pickersgill: Mr. Chairman, I wonder whether the hon. gentleman has looked at subclause 3(ii) of the clause we are discussing. It seems to me that this is another ground on which there would be no problem, because this provision is also in clause 1 and is one of the factors connected with the public interest. This part of the clause reads as follows:

> an undue obstacle to the interchange of commodities between points in Canada or an unreasonable discouragement to the development of primary or secondary industries or to export trade—

The hon. gentleman was talking about the competitor being in another country and there being no other shipper in Canada. If a shipper could show that the rate the railway was setting was such as to prevent his entry into the export market, he would certainly have a prima facie case to be heard by the commission.

Mr. Horner (Acadia): I am not particularly worried about whether a person will be able to present a prima facie case. I would like to give him the right to appear and appeal under this clause. He should not have to prove that he has that right; I believe that we as legislators should give him the right. Whether when he appears before the commission he can prove his case is a horse of another colour. But we must give him that right. I am not condemning the whole of clause 16. I think it is good, although it could be better. I believe this amendment would make it a better clause.

The only argument the minister has put forward in saying that he cannot accept the amendment is that it will open the door to a whole mass of frivolous complaints. I do not believe this. I do not believe anyone will prepare a case, hire counsel and go to the expense of coming to Ottawa to appear before this commission in order to put forward a frivolous complaint. Therefore I think the argument advanced by the minister in respect of this amendment is very, very weak indeed.

If the minister says that all these rights are preserved and an individual will, under clause 16, have the opportunity to appear before the commission if he considers the rate to be discriminatory, why not make it clear in the clause? In the committee study of this bill the minister wanted to make a great many other things clear. He wants to nail down the definition of "grain". There has never been in the Crowsnest pass agreement a definition of grain; the definition has been built up over the years and is now accepted by the courts. The minister wants the definition to be clear in the case of grain, but he does not want to state emphatically that if the business of an

individual is affected he may appear before the commission to put forward his case. In our opinion he should not have to prove that he has a right to appear.

I wholeheartedly support the amendment after carefully studying clause 16 as put forward by the minister. I urge the minister to put up a better argument than he has up to now with regard to the open-door philosophy and a whole mass of frivolous complaints being brought before the commission. I urge the minister to accept the amendment. I know how congenial he has been in this debate. He should accept the amendment because according to his interpretation everything has already been taken care of in clause 16, and therefore we are really adding very little if we include the amendment. In our interpretation of the clause the amendment will give an individual the inherent right, if he feels he is being discriminated against, to prepare a case, hire counsel if necessary, come to Ottawa and attempt to prove that case. I do not intend to say any more with regard to this amendment. Once again I urge the minister to consider it very carefully, put up a better defence against it or accept it.

The Deputy Chairman: Is the committee ready for the question on the amendment?

Some hon. Members: Agreed.

The Deputy Chairman: Shall the amendment carry?

Some hon. Members: No.

Some hon. Members: On division.

Amendment (Mr. Cantelon) negatived.

Mr. Woolliams: Well, you won that one, Jack.

The Deputy Chairman: I declare the amendment lost, on division. Shall clause 16 as amended carry?

Mr. Bell (Saint John-Albert): Mr. Chairman, we are agreeable to clause 16 passing. In this respect I think there is agreement on this side of the house. We should like an idea of what we have to accomplish in regard to this bill. I understand that the Chairman's ruling will be made fairly soon this evening. There has been some indication of this, I believe.

Mr. Pickersgill: Mr. Chairman, perhaps I could correct the hon. gentleman. I believe some of us have been advised that there will be no ruling this evening. I hope I am correct in saying this. I understand that there will not be this evening any ruling in respect of clause 74. In that event, I believe it would be a very good idea if we could deal with clause 1, which is the only clause left, and conclude some of the general speeches in respect of that clause. After we have dealt with clause 1 perhaps we could take up some other business, because there does not seem to be any prospect of making much progress until we have the ruling in respect of clause 74. I do not see any reason why we should not deal with clause 1, if any hon. member has any general statement to make on it.

The Deputy Chairman: Shall clause 16 as amended carry?

Clause 16 as amended agreed to.

The Deputy Chairman: Shall the committee consider clause 1 as amended?

Some hon. Members: Agreed.

On clause 1—*National transportation policy.*

Mr. Cantelon: Mr. Chairman, there are a few observations I desire to make on clause 1. We have spent a great deal of time on this bill both in committee and in the house. In fact, we spent two months on it before the Christmas recess, and every day since resuming this session. It is an extremely complex bill which had a long involved history before it reached the stage at which it is today—almost passed.

• (8:20 p.m.)

A royal commission appointed in 1958 submitted its last report in 1961. The first draft, C-120, was withdrawn in 1964, and this edition, C-231, is unique in having been considered by the transport committee before being given second reading in the house.

The MacPherson report gave us the principle on which the minister has based Bill C-231, namely that the railroads should be free to set competitive rates. As I have said before, I do not agree with this principle, and everything I have heard throughout this debate has not changed that thought.

The first edition of the bill was so roughly handled outside the house in an impromptu committee meeting of the transport committee that the minister withdrew it, and has now had it completely rewritten. Perhaps I should say he has had it rerewritten.

The second edition which came out some two years later had some 70 amendments made to it in committee before reaching the

house. I confess that I am not sure just how many amendments have been made to it by the committee of the whole house since, and I doubt if anyone knows how many there were.

One can readily understand why caution should be exercised before attacking this bill, particularly in view of the number of modifications. However, I intend to do so as many others have. My remarks on this occasion will be of a general nature since there have been ample opportunities to make more specific ones as we dealt with the terms of the bill clause by clause.

The bill meets the intent of the minister to let competition between the various modes of transportation—rail, truck, air and ship—set the rates to be charged. Indeed, this was recommended by the MacPherson commission set up for this purpose; a commission of experts who might be expected to know what they were talking about. But are we to accept uncritically the views of these experts? In my view we should certainly not do so, because experts are often wrong.

Richard J. Needham, columnist for the Toronto *Globe and Mail*, put it much better than I can in this article he wrote for the Canadian *Churchman* of December 1966.

> I've spent some 50 years listening to the experts, and each year my respect for them dwindles. The experts assured me there wouldn't be a second world war. There was. The experts assured me the second world war would be followed by a calamitous depression. It wasn't. For some years now, the experts have been assuring me that the new machine—automation, they called it—would put millions of Canadians out of work. And what's happened? In most parts of Canada, employers are screaming for help. There's a serious shortage of workers, with no letup in sight.
>
> Modern labour has its battalions of experts, so has management, so have governments and their proliferating agencies. These experts all talk at once, they usually say different things, they are wrong much of the time, and how could it be otherwise? For all their charts and graphs and statistics and projections, they are dealing with two immeasurables—a future which is, and always will be known only to God; and that elusive contradictory, unreliable factor, human nature.

However, for those who might consider these views cardinal heresy, I will refer later to some experts whose views are quite different from those of the MacPherson commission.

The minister is deceived if he thinks the rates the railways set will be fair. The railway will charge all it can get. If he carries out his intentions as set out in this bill he will create grave injustices—grave injustices, because all regions of this very large country will not be fairly treated if we free the railways to charge whatever rate the traffic will bear. The minister apparently believes that clause 16 of the bill, new clause 16, and sections 1 and 336 will provide safeguards to prevent the railways overcharging the shipper. They will not, in my view, nor in the view of many others.

[Mr. Cantelon.]

We ought not to delude ourselves that the railways will charge less or that they will even maintain rates. They will certainly raise them. This bill will give them the power to do so and they intend to use it.

The passage of this bill leaves only one safeguard for Canadians. It is the safeguard of adequate competition. Competition the minister hopes can and will exert pressure on the railways so effectively that they will be compelled to charge a rate that is in the national interest, not the rate that is in the railways' interest. In my view this competition does not exist in certain areas of the country today and it will not exist in the near future. Hence my contention that there will be discrimination. Furthermore, for certain products it is not certain that competition will ever be effective to regulate rates.

The minister, because of the objections of the opposition, has rewritten clause 1 and hopes he has eliminated areas of discrimination by the railways. I hope he has too, but I doubt it. I doubt it simply because the competitive principle is supposed to operate, and I do not think it can operate effectively.

I said "national interest" very deliberately. When Sir John A. Macdonald had the first national railway built he did so because without it he knew the western half of Canada would fall by default into the orbit of the United States. The Liberals in those days could not see the truth of this fact. Today I doubt if the Minister of Transport can see any more clearly. Does he not know that the railways are still instruments of national policy and that in this large diverse country we must keep them so?

The minister's main argument is that by freeing the railways to set their own rates the country will escape the $100 million annual subsidy which this country pays to the railways. Perhaps we will, but it will cost the people of this country as a whole much more than that to do it. What is worse, the cost will be so unevenly and inequitably distributed that some sections of the country are going to want to shift their freight to a north-south pattern to escape from the injustice.

There is one thing that might prevent this from happening. That is a tariff policy which is so severe it would be impossible to import goods through the western railways into Canada from the United States at an economic price. It is conceivable that the same directional shift would take place in the maritimes. However, we understand that one of the new facets of Liberal policy is to have an approximation to free trade, this is an argument that has been noticeable in their ranks lately. If this comes about then there will be nothing at all to prevent the north-south pattern from growing apace.

Once this pattern is set up the hurt to the nation will not be restricted to the west and the maritimes, although these regions will feel the immediate effect. It will mean a much lower level of growth for central Canada when that region loses the future business which I say it will inevitably lose. It will mean, too, that this economic handicap, coupled with all the bilingual and bicultural controversy that western Canada has been subjected to, and which, I am sorry to say, I think they are beginning to resent, will foster a tendency to look to the United States as a greater friend than central Canada.

What the end result will be of a policy which will force us to trade with the United States first and eastern Canada second I do not know, but this lies in the future. I am no prophet but, as a Canadian, what I think I see I do not like.

It may be argued that this shifting of trading pattern is a form of competition. Indeed it is, but I hesitate to trust the railways to give up the immediate advantage of a high rate and present profits for the long term advantages of more future business and greater profits in that future. Neither do I think they are so altruistic as to consider the national interest ahead of those of their own railroads.

• (8:30 p.m.)

Let us pass from this hypothetical view and get the concrete opinions of those who believe that the idea of freeing the railways to set their own rates can do great harm. The Saskatoon *Star Phoenix* of November 25 reported the views of Dr. E. W. Williams, Professor of Transportation at Columbia University, who has had extensive experience in the transport field. A few days ago the hon. member for Acadia listed the qualifications of this gentleman and the views he expressed. I merely say that he has testified before many transport committees in the United States as well as before the MacPherson royal commission in this country. Dr. Williams was speaking to the transport committee of this house and giving his views on the effect of competition on our railways. This is what he said:

> The bill is without precedent in any country.

Now, what does Dr. Williams mean by that? I think he is saying rather bluntly that we are being stupid. I continue to quote:

> The pressures of competition on Canadian railways were limited and in many instances completely ineffective.

Here you have a statement by an expert in the field, a statement that there is no adequate competition in this country to regulate rates. No other country in the world believes that the railways should be free to set their own rates regulated entirely by competition. In no other country in the world, so far as I have been able to find out, is this practice followed. These other countries do not believe adequate competition could ever regulate their railways, so why should we believe it will work in Canada?

The very great danger to our western and maritime regions was pointed out by A. V. Mauro, counsel for the province of Manitoba, who said in his brief to the transport committee that the railways, through rate regulation, could say what areas of the country would be developed. If I may, I should like to quote his own words as reported in the *Western Producer* of December 1, 1966:

> One of the urgent questions in the new era of railway legislation is the danger that the railways, freed of almost all rate control, might begin to dictate through rates the areas of Canada to be developed and the companies that would develop them. That is the chief reason we're here.

I know the bill has been modified to try completely to eliminate this effect of area discrimination. The minister, of course, does not agree that the bill would permit such rate discrimination now, but Mr. Mauro's fear was natural and not to be lightly passed off, even now. The minister stated then that he felt the amendments to be brought in would correct Mr. Mauro's fears. I confess my fears have not been completely eliminated, and from conversations I had with Mr. Mauro in mid December I am reasonably certain he feels as I do, that the amended bill does not do this.

The provinces of Alberta, Manitoba and the maritimes all fear area discrimination. Why is this so? It is so because the bill removes all the old sections and acts which protected these areas against unjust rate discrimination.

Mr. Mauro of Manitoba, Mr. Frawley of Alberta and Mr. Dickson for the maritimes made their fears very clear. Professors Williams and Borts re-emphasized these fears. If you wonder where Saskatchewan stands, I can only point out that their brief, as presented to the transport committee, was an innocuous compendium which indicated that the Liberals in Saskatchewan hesitated to tread on Liberal toes in Ottawa. Quite a different attitude was taken by the official opposition in Saskatchewan and by Saskatchewan members of parliament in Ottawa who do not like this bill and do not share the views of the Liberal government in Saskatchewan.

The clause which provided for a study of the Crowsnest pass rates, which was to be made within three years, of course has been eliminated. However, we are faced with a new clause 74 which brings in through the back door what went out through the front door. Since we have not had the ruling of Mr. Speaker on this amendment, I feel I should not comment on it further. It is odd, however, that in the years when the railroads move large volumes of grain their profit picture is better than in the years when the movement is lower. Since the railroads claim that they lose money on moving grain, one would logically suppose that the more grain they move the larger their losses would be. If the minister is so certain that there is adequate competition now in transportation in our country, why is it necessary to make this notable exception in his policy of freeing the railroads to set their own rates? It is very strange indeed, although perhaps not quite so strange when we realize the attitude of the west toward these Crowsnest pass rates.

The bill sets up, in part I, a transport commission which is to carry out the intent of the bill and regulate the various modes of transport to which the bill refers. To do so, the commission is given very broad powers. These powers are so broad that parliament will have very little if any control, except through the annual report the commission will make. While it may be that the commission will discharge its duties properly and well, there is a possibility that it will not.

If the appointments to the commission are good and the minister exercises firm control, this scheme may work well. However, if the appointments are not good, parliament and the country will be in for trouble. If the appointments are good, even a good board may be perverted through time. It may have some strong personalities who—and this is a common fault—believe that they know more about what policies should be followed then either the minister or parliament. With an uninformed or weak minister,—and perhaps ten years from now the present minister will be gone,—no one can tell what mistakes may be made. I consider the present transport committee in parliament will be quite incapable of fully evaluating the action this large transport commission may take. It has neither the staff nor the expertise to be able to evaluate the actions of the transport commission. Some steps must be taken to control this many-headed monster or parliament or the country may regret it.

However, this minister and his party have refused our suggestions and I suppose we will have to live with the control of the commission. Provision is made in the bill for attention to be given to research. I think this is something we have needed for a long time, particularly in respect of rail lines. There is no doubt the railways have been content to slog along in the same old way, on the same old track and, I might say, in the same old cars. I suggest to the minister that he set up a chair of transportation in one of the universities. We would then develop some Dr. Williams and Dr. Borts of our own, men who thoroughly understand the operations of transport.

Mr. Pickersgill: I wonder if I could ask the hon. gentleman a question?

Mr. Cantelon: Yes.

Mr. Pickersgill: Was he not just as much impressed by Dr. Armstrong of McGill as with either of these gentlemen who came from another country?

Mr. Cantelon: I was indeed, and I probably should have mentioned his name. However, I think we have too few of these experts. I would hope that the action I suggested would enable us to have many more experts in the field of transport. What I was trying to point out more specifically was that if we had a chair of transportation there would be direct research and a direct developmental policy that would be to the advantage of the whole country. Is such a chair were set up, it should be given adequate money so that it might carry out research into all phases of transport, not the least of which might be the economics of rate setting.

I am compelled to this interest in transportion research because of the feeling I have that we are rapidly falling behind in the way

in which we handle our grain today. When we began to market large quantities of grain over 50 years ago, we had the most modern system in the world for handling it. Today this once modern system is not keeping abreast of progress. We are moving much larger quantities of grain, so I think we need research to investigate all the phases of grain handling from the standpoint of the railway, and not only from the standpoint of the railway but from the standpoint of the elevator and the terminal.

• (8:40 p.m.)

A transportation research chair set up in one of the universities, and provided with adequate funds, could investigate fully the ways in which the railways are operating today and I am sure could come up with more modern, more efficient and economical ways of getting our products, and particularly our grain products, to the markets of the world. I strongly commend the bill for the opportunity it provides for such research to be done. I sincerely hope the fullest opportunity will be taken to implement this provision in the bill, and especially that sufficient funds are made available so research can be vigorously pursued.

Rail line abandonments have been a subject which has aroused a great deal of concern in my area of the country, and in particular in my constituency. When the original abandonments were proposed I believe there were more miles of track to be abandoned in the constituency of Kindersley than in any other constituency in the Dominion of Canada. The interest of the people of my constituency is, then, understandable and so of course is my interest. As these abandonments began to be listed in large numbers there was great satisfaction when the previous Conservative ministry, in January 1962, put a stop to the processing of all abandonments until a thorough investigation had taken place.

It is notable that the present government has continued this freeze and that no abandonments have been proceeded with since that date. A great many abandonments have been listed and now there is a quite comprehensive map which shows the abandonments or suggested abandonments.

When Bill No. C-120 was proposed in September 1964 there were provisions for abandonment in the bill which were extremely unsatisfactory. Those of you who are familiar with it will remember that a rationalization authority was proposed, and that this rationalization authority actually had no authority. If a line were proved to be uneconomic, and so said to be by the Board of Transport Commissioners, all that the so-called authority could do was to say when the line was to be abandoned within a time period of five years. The only discretionary power it had was to set a date for abandonment. We fought this very strongly in the informal meetings that were held in the fall of 1964 and the minister withdrew the bill. He must have considered seriously our representations.

In the new Bill No. C-231 the rationalization authority has been eliminated. Instead the new Transport Commission has power to consider the rationalization proposals, and after thorough investigation may order abandonment, but only if the line is uneconomic. It has very wide powers to consider not only the report of the railway company on the profit-making position of the branch line, but also the effect the abandonment will have on the community. So there is a quite notable improvement in the bill in this respect.

The minister on several occasions, in answer to my question whether funds will be provided, has clearly indicated that moneys will be available under certain conditions to assist the provinces to build roads which might take the place of lines which are abandoned. This has been done already in one instance.

I hope, Mr. Chairman, that I have succeeded in making the following points: First of all, that a railway is an instrument of national policy; second, that in my view a railway is still a monopoly, and this demands control of rail rates; third, that a railroad might practise area discrimination; fourth, that there must be a way to evaluate the work of the new transport commission; fifth, that research is needed and that funds must be sufficient to do a good job and sixth, that assistance for road building must be provided where a rail line is abandoned.

I do not suggest, Mr. Chairman, that this to any degree exhausts what can be said about this bill and the policies of the minister with respect to it. The minister and the government have been fortunate in that the opposition has vigorously opposed the suggested railway legislation. It may have taken two and a half years to get this legislation through, but in consequence of our opposition I feel that some bad faults have been corrected. The minister has now come up with an over-all policy for transportation. Rail line abandonment policy has been radically changed and the rights of communities are, I hope, now to

be more fully considered. But—and it is a large "but"—the basic principle of competition is going to cause great damage to many areas of this country, I very much fear.

Mr. Herridge: Mr. Chairman, I have listened with great interest for a goodly number of days to the very interesting and constructive debate we have had on this very important bill, which I know has received a great deal of consideration by the committee. I do want to compliment the minister. In all my 21 years in this house never have I seen him exercise such flexibility of approach, have such patience, or respond on occasion with such spontaneous humour. I think he has excelled himself on the occasion of this very important bill.

I have listened to the arguments which have been put forward, particularly by the representatives of the prairie provinces, knowing what a great deal this transportation policy means to them, even though on occasion it may have been somewhat tiring to hear arguments repeated even as many as three times—and I think that is quite a modest estimate. I also think that all members of the opposition have taken a very constructive approach to this bill, in moving their amendments, and so on.

Before we conclude the study of this bill in the committee stage, Mr. Chairman, I wish to say a few words on behalf on my constituents. I want to emphasize that in speaking for my constituents on this question I do so regardless of party. I also speak on behalf of practically all the organizations of any consequence and size in the constituency of Kootenay West. I am taking a particularly non-partisan approach to this question.

Unfortunately, Mr. Chairman, during the consideration of the proposed section 314J (1) (c), which reads

> —"uneconomic service" means a passenger-train service that has been determined to be uneconomic by the commission under section 314I—

—I was called out of the house rather hurriedly and when I returned this section had been passed. Therefore I have to take the opportunity which is provided on clause 1 to say what I wish to say.

I think that clause 1 does provide this opportunity, Mr. Chairman. The first paragraph reads:

> It is hereby declared that an economic and efficient transportation system making the best use of all available modes of transportation at the lowest total cost is essential to protect the interests of the users of transportation and to maintain the economic well-being and growth of Canada,

and that these objectives are most likely to be achieved when all modes of transport are able to compete under conditions—

—that are stated in succeeding clauses.

I know that the hon. member for Kootenay East, the minister's parliamentary secretary, is interested in this question because he took a very active part in the original fight for the retention of passenger service on the Kettle Valley railway. There may be some new members of the house who have not heard of this railway before. I think it is quite truthful to say that I speak with some spirit of conviction on this matter. I should also like to make mention of the Minister without Portfolio.

An hon. Member: Which one?

Mr. Herridge: I am referring to the younger and better looking one from Montreal. He was born in my constituency and I am sure that he is with me in spirit in what I have to say this evening, though he is not here at the moment. As I say, I am sure we have his sympathy.

In passing, Mr. Chairman, I should like to mention that I am very pleased to know that some airport development is taking place in the constituency of Kootenay East. I understand this is being undertaken this year and that in the near future it will be the second best airport, next to Castlegar, in the Kootenays. I am sure everyone is pleased to see an airport being developed in the hon. gentleman's constituency. The airport at Castlegar has developed over a period of ten years as a result of grants by the federal government, which everyone in the district appreciates.

• (8:50 p.m.)

While passenger services were abandoned on the Kettle Valley Railway by the Canadian Pacific in 1964, I have been asked by my constituents to make another plea for the reconsideration of this important question. Numbers of people have spoken to me about this, because their attention has been attracted by all this talk on the transportation bill. I say, without hesitation, at all, that I speak for a vast majority of people I have the honour to represent, regardless of party.

Many people, Mr. Chairman, do not realize that at the present time about 150,000 people in southeastern British Columbia are denied passenger service because the Canadian Pacific refuses to accept its responsibilities to these people, and to this great wealth producing area from where large quantities of minerals are shipped. There are large shipments of

coal, forest products, fertilizers and other commodities from the smelter, pulp products and other things produced in this district.

I know the hon. member for Kootenay East has been interested in this question for some time, because I have read the reports of the committees. In minutes of proceedings of evidence of Tuesday, March 8, No. 4, of the standing committee on transport and communications I noticed the hon. gentleman showed his interest by the questions he asked. At page 170 I see the following:

Mr. Byrne: Some years ago—two years I believe, to be exact—the Canadian Pacific Railway abandoned, if I may use the term loosely—

I am not clear what that means

—the passenger service on what is known as the Crowsnest-Kettle valley railway line. I am particularly interested in this because it runs to the East Kootenay and, incidentally, the West Kootenay—

Mr. Sinclair: Yes, I know exactly where those are. I know why you put in "incidentally" in regard to the West Kootenay.

I should like to know what Mr. Sinclair means by that. Continuing:

Mr. Byrne: At that time there was, of course, great consternation; but again we heard the charge that the Canadian Pacific Railway was given large mineral, land and forest grants to provide the building of the famous Crowsnest railway.

Mr. Sinclair: Yes.

Mr. Byrne: And we heard that for that reason they should continue to give railway passenger service until perhaps the end of time or until there was some indication that there was absolutely no requirement whatsoever.

Later in the same hearing I read this:

Mr. Byrne: I am quite in agreement with that. My purpose in asking the question is and was to identify this story that I and many others in politics had to contend with at the time of the abandonment of the railway.

The Chairman: Of what, Mr. Byrne?

Mr. Byrne: Passenger service on the now famous Kettle valley and Crowsnest line. I think it is important that we hear both sides of the story. I have not been able to get these figures straight in the past and I am glad to have them on the record.

Mr. Sinclair: There was no obligation, Mr. Byrne, by statute; there was no obligation by any agreement to provide passenger service. That line, like all other lines, became a part of the Canadian Pacific Railway and became subject to the jurisdiction of the Board of Transport Commissioners when it was formulated in the early 1900's. I think the first board was set up in 1903. Therefore, before passenger service could be withdrawn in the Kootenay it required the approval of the Board of Transport Commissioners and that was secured and received after hearings held in the Kootenays and elsewhere before the service was discontinued. If I may go on for one moment, Mr. Chairman, the service was discontinued and I have been in the Kootenays. I have not seen, as I said earlier, any withering on the vine of such places as Cranbrook, Castlegar, Nelson.

Mr. Byrne: The members are withering.

Mr. Sinclair: The members are withering?

Mr. Byrne: The members of parliament.

Mr. Sinclair: They are maturing.

I wonder what Mr. Sinclair means by that. By maturing, does he mean that hon. members accept the policy of the Canadian Pacific?

On page 173 we find the following:

Mr. Byrne: One final question, sir. How much land does the railway still maintain under the original grant, not any new acquisition?

Mr. Sinclair: Well, Mr. Byrne, there are some townsite lands which have never been sold; some of them have come back on our hands; I would suggest about 600,000 acres, including what is being referred to by some people unkindly as moose pastures.

I now want to quote briefly from a brief. This is from the brief presented at the hearings when the question of the abandonment of the line was being considered by the Board of Transport Commissioners, and I quote this to show what the public attitude was, Mr. Chairman. As I said before over 150,000 people are denied passenger service over this line which runs from Vancouver, in effect, to Medicine Hat. These are the people who appeared: F. C. Hislop for Fernie and District Chamber of Commerce; J. H. Ward, alderman, city of Cranbrook; Lloyd J. Hoole, representing Cranbrook Chamber of Commerce; C. W. Sims, representing the Brotherhood of Locomotive Engineers; W. H. Towey, representing the Brotherhood of Railroad Trainmen; E. B. Ferguson, Industrial Co-ordinator, city of Lethbridge; S. Cimolini, representing the village of Natal; H. C. McKay, M.L.A., Fernie; L. M. McBride, Q.C., for the Nelson Chamber of Commerce; Leo Gansner, for the city of Nelson; J. G. Flanagan, representing Local 480 of International Union of Mine, Mill and Smelter Workers; Mrs. Mae Johnston, representing Tye, B.C.; Rev. Ernest Hanson, representing Kootenay Lake Bible Camp; C. W. Brazier, Q.C., representing the government of British Columbia, and F. H. Herbert, for the city of Penticton.

That shows the interest there was in this problem at that time. The representations made before the Board of Transport Commissioners were on a very wide scale indeed.

Transportation

The following is a condensation of some, although not necessarily all, of the testimony given and the submissions filed:

1. That the present service is inadequate by reason of:

(a) the curtailed service between Penticton and Vancouver;

(b) the stopovers required at Penticton and Nelson;

(c) the excessive length of time necessary to travel to and from Vancouver;

(d) the lack of provision of meals or any catering service.

2. That the railway company has failed to develop and promote passenger traffic.

3. That the deficiencies mentioned above are the reasons for the decline in passenger traffic.

4. That the actions or inaction of the railway company has been part of a design to drive away an unwanted passenger business.

5. That the alternative means of transportation are inadequate. In particular, that the occasions when planes are unable to land at Castlegar airport are so numerous in the winter months as to make that service unreliable.

6. That the cost of travel by airplane is prohibitive for some persons.

7. That the bus service is an impossible means of travel for disabled veterans who have to report at Shaughnessy hospital for treatment; that they can travel by air but would on occasion report to Castlegar airport in sufficient time to be in Vancouver on the required date only to find that the plane could not land.

8. That the train service is necessary generally for aged, sick and infirm persons who require treatment at Calgary or Vancouver.

9. That the losses on passenger travel should be absorbed by the presumably profitable freight traffic on the line. (In this connection I should mention that the board stated at the hearing that, in the absence of any evidence to the contrary, it would assume that the freight traffic on the line is profitable).

10. That the railway company should promote the passenger service actively and that the results should be assessed again in one year's time.

11. That the value of the service should be considered from the standpoint of civil defence or disaster.

12. That the removal of the trains would be a setback to the areas.

13. That the services ancillary to the train are poor, as for example the inability at certain places to find out whether or not the train is on time, the waiting room facilities, etc.

14. That the presumably profitable operations of Canadian Pacific Airlines and the railway company's highway services should be weighed.

15. That the schedules of trains could be changed to improve arrival and departure times and to connect more closely with the arrivals and departures of other means of public transportation.

● (9:00 p.m.)

16. That the service between Lethbridge and Calgary be changed to coincide with the arrival of trains 45 and 46 in Lethbridge.

[Mr. Herridge.]

17. That no action be taken by the board until a complete and co-ordinated national transportation policy has been worked out.

That is why I am making these representations on clause 1 of the bill. To continue:

18. That by reason of certain anticipated developments the areas are on the threshold of great expansion, which would promote more passenger travel.

There are many other reasons given in opposition to the abandonment of this service. I wish now to deal briefly with the history of the line. The history of the Kettle Valley railway is an interesting and colourful one. There is no purpose in going into it in detail here. It is sufficient to say that the line, in its several portions and as a whole, has played an important part in retaining for Canada those parts of southern British Columbia which were falling under the influence of the United States through their dependence upon American transportation.

I have been very interested in the development of rail transportation in the interior of British Columbia. I have read the history of the struggle between Canadian and United States railroads which at one time tried to secure a monopoly of rail transportation in southeastern British Columbia. I might say in passing that in 1914 a survey was made at the instigation of the federal government of the possibility of transporting prairie grain from Revelstoke to the sea, down the Columbia, and this was found to be feasible, given boats of a certain size. However, grants were made available by the federal government for the extension of the Kettle Valley railroad in order to maintain the east-west flow of traffic in Canada which was so greatly to Canada's advantage. Therefore the report resulting from the investigation which I mentioned has not been accepted by the government of the day.

I think it is most unfair that the C.P.R. should decline to continue its passenger service because the company lost, I understand, close on half a million dollars at the time the railway was abandoned between Vancouver and Medicine Hat. I think it is most unfair to separate freight receipts from passenger receipts. The company should be obliged to provide figures to show profits on freight receipts as well as any losses on passenger traffic.

I have mentioned that traffic was discouraged. This was done in several ways. First of all there was an unfortunate incident related to the action of the Sons of Freedom in blowing up the railway. That was not as

serious as it sounded. I spoke to some of them on occasions. I asked them how they reconciled blowing up a railway track with their philosophy of life. They told me: "Mr. Herridge, we wait until the train goes by and then we blow up the tracks". However, these incidents were seized on at once by the C.P.R. as one of the reasons for discontinuing the service, though at the same time freight trains were moving every day from our district to coastal ports. I cannot see any great difference between running passenger trains and running freight trains.

Then the train service was split at Penticton. Passengers had to lie there overnight before going on with their journey the next day. This discouraged passengers and in my opinion that timetable was set by the company in order to lower its passenger receipts. This is also the opinion of a great many people with whom I have discussed this question in the constituency I have the honour to represent.

There are good reasons for the maintenance of passenger service here. The people are not asking much. They would like a daily passenger service between Vancouver and Medicine Hat. All that is required to give that service is an engine, a day coach and a café sleeper car. I am sure that if the service were resumed and if people knew they could travel from Vancouver to Medicine Hat or vice versa in one day, the line would soon receive patronage.

What are the reasons for requiring this passenger service in addition to those which have been mentioned? First, there are the severe weather conditions experienced in this area in the winter. We have heavy snowfalls in British Columbia, and certain portions of the road are unsafe for travel, particularly along the Salmo-Creston cut-off and the Hope-Princeton highway. These portions are often closed to traffic because they are unsafe. The road from Princeton to Hope is extremely dangerous at certain times of the winter. Then again, air travel from Castlegar and other points in the interior is uncertain in wintertime.

Our people—and I am sure I am speaking for many of those who live in Kootenay East—have asked me to draw these matters to the attention of the committee and to urge that there should be due consideration of this question by the Board of Transport Commissioners and by those who are responsible for transport policy. I urge that this question be reconsidered in order that the passenger service of the Kettle Valley railway may be resumed and the company persuaded to accept its responsibility to the 150,000 people in southeastern British Columbia who at the present time are denied the benefit of a passenger service because of the ruling of the Board of Transport Commissioners. This is the ruling:

> The Canadian Pacific Railway Company, on or after the 16th day of January, 1964, is authorized to discontinue operations of trains 45 and 46 between Lethbridge, Alberta, and Spence's Bridge, British Columbia, upon sixty days' prior notice filed with the board and posted in each railway station served by the said trains.
>
> The said notice shall also be published in one issue of a newspaper published or having general circulation in each of Fernie, Cranbrook, Creston, Nelson, Trail, Penticton, Princeton and Merritt.
>
> H. H. GRIFFIN,
>
> Assistant Chief Commissioner,
> The Board of Transport Commissioners for Canada.

The district which I have the honour to represent is in strong opposition to this order for the discontinuance of passenger service of the Kettle Valley railway, and the people who live there trust that this important matter will receive the consideration of those who are responsible for the administration of transport policy in Canada.

• (9:10 p.m.)

Mr. Hugh: Has the line been completely abandoned for passenger service? There are no passenger trains running through Penticton now, nor have there been for some time. Can the hon. member give the date of the last Kettle Valley train to run in his area?

Mr. Herridge: I think it was some time in the spring of 1964.

Mr. Webb: May I ask the hon. member whether the C.B.C. covers the entire area he represents?

Mr. Pickersgill: I really wonder what this has to do with the transport bill.

Mr. Webb: In reply to the minister I would just say that the railways are heavily subsidized by the taxpayers, as is the C.B.C., and I was just wondering if it would be fair to give both services to that area.

Mr. Ballard: When this bill was being discussed in the standing committee, one term that was used over and over again was rationalization of the modes of transport in Canada. It was the avowed interest of everybody concerned that we should make transportation a rational thing, and I must compliment the minister on fairly well achieving

a rationality of transportation. I also have to congratulate him on his method of piloting this bill through the house, but he has received, as I am sure he admits, a lot of help from members of the opposition in making it a viable and acceptable piece of legislation.

I believe that rationalization means that the railways should be recompensed for all of the services they give, and also that they should be put in a position to pay for all the services they buy. Clause 1 emphasizes this fact when it states that—

> —an economic, efficient and adequate transportation system making the best use of all available modes of transportation at the lowest total cost is essential to protect the interests of the users of transportation and to maintain the economic well-being and growth of Canada.

As I say, I think the minister has pretty well achieved this objective. He has made sure that under this bill the railways and other means of transportation will be adequately recompensed for the services that they offer and be put in a position to be able to pay for the services they get. But the one exception to this is the oversight on the minister's part in not requiring the Canadian Pacific Railway to pay municipal taxes to the municipalities of both western and maritime Canada.

As a result of this oversight I propose to move an amendment later on which will read:

> That clause 1 be amended by re-numbering (b) of clause 1 as clause 1(b)(i) and inserting a new sub-clause (ii) as follows:
>
> (ii) each mode of transport, so far as practicable and without prejudice to any single mode, bears a fair proportion of the costs of local government services in those municipalities in which the mode of transport operates; and

This would provide that the Canadian Pacific Railway would pay normal municipal taxes to all of the municipalities through which that line passes. The minister has recognized that this type of thing should be done because back in September last year, when speaking of the C.N.R., the government owned railway, he said, as recorded at page 8210 of *Hansard* for September 8:

> It has been the custom in the case of government owned railways, as distinguished from other parts of the Canadian National system, for the Canadian National to make some grants in lieu of taxes. It will be the intention of the government when this legislation has been passed, as a contribution toward the process of rationalization and equal treatment for all parts of Canada, to instruct the Canadian National Railways to make payments to these municipalities as though they were taxable. We have the power to do that without express legislation.

The minister has acknowledged the responsibility of the government owned railway, and by accepting my amendment I hope he will acknowledge that the same responsibility rests on the C.P.R. to pay taxes to the municipalities through which it passes.

The exemption of the C.P.R. from municipal taxes goes back to the 1881 agreement between the federal government and the C.P.R. The provinces of western Canada had no part in the signing of that agreement. It was inherited by the provinces of Alberta and Saskatchewan from the federal government when the Northwest Territories were divided into the two provinces in 1905. As a result the municipalities are stuck with a situation over which they have no control.

A study made by the Federation of Mayors and Municipalities has calculated that the city of Moncton, New Brunswick, which is served by the C.N.R., is short changed in taxes paid by the C.N.R. by some $115,249. That is the difference between what the C.N.R. will be paying in taxes after this bill has been passed as compared with the grants it made in the past. The city of Saint John is short changed $97,058, Sydney, Nova Scotia, $18,516, Halifax $311,210, and the situation is not much different in cities through which the Canadian Pacific Railway passes.

• (9:20 p.m.)

I might say in connection with my home city of Calgary that if the C.P.R. were to pay normal taxes—that is, the taxes any other taxpayer in the city of Calgary would pay—they would pay approximately $739,000. In other words, with the grants in lieu of taxes amounting to $49,000 the city of Calgary loses a total tax collection from the railway of $690,000. If this amendment should pass, it is estimated that across the western provinces the taxes to be collected from the Canadian Pacific Railway alone will amount to between two and a half million and three million dollars. This will have a tremendous effect on some of these municipalities. I might say that Calgary forgoes a greater amount in taxes than any other municipality which would be affected by this amendment. Not only are we concerned with the number of dollars we have been losing since 1881 but also the lack of any incentive to force the railways to develop their property in a manner becoming to the city through which the railway passes.

The situation is that these areas contiguous to the railway property now are the areas of the city which are subject to blight. In many of these cities these are the areas where the land value is at a minimum in comparison to the other districts. They also are the areas which will be subject to urban renewal. They are the areas in respect of which there will be demands made upon the government for tremendous amounts of money for the financing of urban renewal programs.

I realize the Minister of Transport received a letter from the president of the C.P.R. in which the president agreed that possibly the C.P.R. had some responsibility to the municipalities through which the railway passed. He accepted the suggestion that possibly the C.P.R. should try to be a good citizen in these municipalities. He agreed that if the government, through this transportation bill, should rationalize the freight rates they would condescend to make some sort of deal whereby they would pay taxes.

I should like to quote part of the letter from Ian D. Sinclair, president of the Canadian Pacific Railway. This letter is dated August 29, 1966. It was tabled in the House of Commons, appears at page 8210 of *Hansard* for Thursday, September 8, 1966, and reads in part as follows:

> The company is prepared to forgo voluntarily perpetual exemption from taxation by the local authorities on our main line in the prairie provinces in three equal stages: one third for the year commencing January 1 after legislation is enacted modernizing and rationalizing existing legislation and taking into account, among other things, the effective changed conditions on freight rates otherwise fixed; a further one third in the succeeding year; the balance in the third year from the commencement of the period as stated.

There are two or three things wrong with this offer which is being made by the president of the C.P.R. There are conditions even in this offer which he has made. He says that the offer stands, provided the legislation is enacted to modernize and rationalize the existing legislation. In no place in his letter does he say what he means by "modernizing and rationalizing existing legislation". If some portion of this legislation should not convey the meaning which the president of the C.P.R. had in mind when he made this offer, I wonder whether his offer would be withdrawn. He mentions also "the effective changed conditions on freight rates otherwise fixed".

When he mentions fixed freight rates does he include the Crowsnest pass rates, for example? In other words, since August 29, 1966 have we changed the transportation bill to such an extent that this offer no longer stands? This is the reason I believe it is essential that if we are to have an act that is fully rational this amendment must be considered by the Minister of Transport and must be accepted by the house.

I might say that ample provision has been made in the bill to take care of any increase in taxes that the C.P.R. must pay. According to this letter the C.P.R would not have to pay taxes for the year 1967. It would not have to start paying taxes until January 1, 1968. In my humble opinion this means that if this legislation is not passed it is quite possible that we will be giving the C.P.R. a free ride for another year so far as taxes are concerned. When we speak of rationalization I understand this to mean that the modes of transportation shall be given a fair enough schedule of freight rates that they will be in a position to make a reasonable profit, but also that they will have to shoulder the responsibility of paying their way. Surely municipal taxes are something the railways must pay in order to pay their way. I should like to move therefore, that clause 1 be amended by renumbering subclause (b) of clause 1 as clause 1(b)(i) and inserting a new subclause (ii) as follows:

> each mode of transport, so far as practicable and without prejudice to any single mode, bears a fair proportion of the costs of local government services in those municipalities in which the mode of transport operates; and—

Mr. Pickersgill: Mr. Chairman, I should like to say a few words in respect of this amendment. I hope you will not put the question this evening because I should like to reserve the right to present an argument concerning whether or not it is in order. I have been taken somewhat by surprise and I should like an opportunity to examine this suggested amendment. I suspect it is out of order. I think also that it is ultra vires. I am not sure, however, about these things, because this is in respect of a declaratory part of the bill which may have no real consequence, except to declare a broad general principle. I should like to reserve the right to argue this matter when we next come back to the bill.

I understand there has been consultation among hon. members on both sides and that there is general agreement that we would make more progress if I were to move that we rise, report progress, and ask leave to sit again at the next sitting of the house, so that we might get on with some other business pending the decision of the Chair which has

been reserved. If I am correct in this understanding, I so move.

• (9:30 p.m.)

The Deputy Chairman: Order. I think the hon. member for Roberval wishes to speak on clause 1.

Mr. Pickersgill: Mr. Chairman, I wonder whether the hon. member for Roberval was told about this agreement. I said that I thought there was an understanding among all groups that the committee would rise at this time, without dealing with this amendment, passing the clause or doing anything further in connection with the bill, so we could get on with some other business. I believe my understanding is correct. I have made a motion in this regard. I do not want to be disrespectful in any way to the hon. gentleman, but I wonder whether it would suit him equally well to speak to clause 1 when we come back to the bill tomorrow. I believe this course would be more convenient for the house generally.

The Deputy Chairman: Is this agreed?

Some hon. Members: Agreed.

[*Translation*]

Mr. Gauthier: Agreed, Mr. Chairman.

[*English*]

Progress reported.

JUDGES ACT AMENDMENT

PROVISION FOR ADDITIONAL COUNTY COURT APPOINTMENTS

Hon. Lucien Cardin (Minister of Justice) moved the second reading of Bill No. C-262, to amend the Judges Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Rinfret in the chair.

On clause 1.

Mr. Starr: Mr. Chairman, I should like to ask the Solicitor General whether he can tell us what areas are concerned in the appointment of judges. I know the areas are in the provinces of Ontario and British Columbia, but what particular districts in those provinces are concerned?

Mr. Pennell: Mr. Chairman, I would be pleased to answer this question, but I was only acting in the absence of the Minister of Justice, who is now in the chamber, and I feel the question should be directed to him.

[Mr. Pickersgill.]

Mr. Cardin: Mr. Chairman, with respect to Ontario the appointment now being considered is judge at large, otherwise known as a roving judge. In British Columbia it is for the appointment of a judge in the county of Westminster.

Mr. Prittie: Mr. Chairman, I shall not take very many minutes in speaking to this bill. No one has any desire to hold up its passage, because judges are necessary in this country. The judge whom it is proposed to appoint to the county court in British Columbia will be appointed to an area that is in my riding. I am surprised that more judges are not included in this bill. I realize they are necessary in some other provinces, but I know the provinces have to make a request before the appointment of judges can be included in a bill.

I did rise to speak on this matter when the Speaker was in the chair. My remarks will be general but I can assure the committee that they will be very brief. When the Judges Act is before the house for amendment the debate is almost predictable. Someone in the New Democratic Party will rise and say we should not have the appointment of judges in the field of political patronage, and someone else will rise and defend the judiciary. Very often it is the hon. member for Carleton. The hon. member adopted this approach when we were discussing a similar amendment on March 30, 1966, and again on January 13 this year, just over a week ago. He said that the statement had to be made on every occasion that amendments to this act are before the house, namely that we have in Canada a very fine judiciary.

I should like to say that there is something else that has to be said again and again. The element of politics comes into the appointment of our judges, and some day we will have to change this approach. Let me say again that I think we all recognize the fact that we have good judges in this country, and that because a man has had a political career or political affiliations is no reason at all why he should be disqualified from becoming a member of the bench. Having said that, I think it is also fair to say that many appointments to the bench of this country have not been of the best. If this were not the case we would not now have on the order paper an item which deals with a joint committee of the house and Senate in respect of Mr. Justice Landreville.

I am not going into the details of that case; I merely point out that such a thing exists. I point out, too, that other members of the

bench of Canada have been under a cloud in very recent years. If someone says that these are exceptions, I would say there should be no exceptions. There are in all the provinces of Canada sufficient lawyers, outstanding in their profession and recognized so by their colleagues, respected by the public, to fill these vacancies. These people could be appointed and there would never be any question about our judiciary.

This sort of criticism has been valid too frequently in the past. The Solicitor General said on January 13, as reported at page 11798 of *Hansard*, that in this connection there are unofficial consultations with the law societies of each province. This may well be so; I do not know. But I would suggest they are of a negative character and that the federal officials may go to the law societies and say: Have you any complaints about this man? I say this because it seems that after these consultations the result is nearly always the same: When a Liberal government is in power, Liberals become judges; when a Conservative government is in power, Conservatives become judges, regardless of any consultation with the law societies. This does not need to be the case.

I said that on almost every occasion when we had this type of debate a member of the New Democratic Party makes a complaint; but I am pleased to say that other hon. members have similar doubts. There is on the order paper a bill presented by the hon. member for York-Scarborough, Bill No. C-236, which calls for consultation with the Canadian Bar Association when judges are to be appointed. In this regard I have been procrastinating for a year; I intended to introduce such a bill. However, I am very glad the hon. member for York-Scarborough has done so. I should like to refer to his bill for a moment and point out the kind of reform it proposes. The bill says:

> Before proceeding to the appointment of any judge, the Governor General shall consult the judiciary committee of the Canadian Bar Association.

In the explanatory notes we see the following:

> At its 1966 annual meeting the Canadian Bar Association passed a resolution calling for the appointment of a committee of the association to assist the Minister of Justice in the exercise of his authority and responsibility to make appointments to the judiciary.
>
> Accordingly it appears desirable before any appointment is made to the bench that the federal authorities consult a committee of the Canadian Bar Association so that they may have the benefit of the opinion of the legal profession on the suitability and qualifications of persons being considered for judicial appointment.
>
> This proposition does not take away the prerogative of appointment which, under our constitution, is vested in the Governor General.

• (9:40 p.m.)

> The purpose of this bill is to give effect to the proposal of the Canadian Bar Association.

This bill is a step in the right direction. I would go even further and say that the appointment of judges is too important to be left entirely to lawyers. I like the suggestion made by Professor William Angus of the law faculty of the University of Alberta, that lay persons be involved in these selections.

To conclude my remarks in respect of this clause of the bill I should like to read a few words from the paper which Professor William Angus delivered to the Association of Canadian Law Teachers at Sherbrooke, Quebec, on June 10 last year. In this paper, which is lengthy, he dealt with the methods of appointment in the United Kingdom and Canada and gave a history of appointments. I will read his last few words about how we might change our system, where he said:

> A practical solution might well take the form of an independent committee in each province, similar to the electoral boundaries commissions recently established for redistribution of parliamentary seats. Broad representation from various segments of the legal community and the inclusion of a few lay persons on the committee would ensure public confidence in the fairness of the selection procedure. When a vacancy on the Bench occurs, the committee could consider potential appointees and present a list of qualified persons to the Minister of Justice. The minister could then either recommend one of the qualified nominees from the list to the cabinet, or if he wishes to consider other prospects, submit their names to the committee for an appraisal of their qualifications. When the committee's view has been returned, the minister would then be in a position to make his recommendation and the cabinet to exercise its choice. If questioned in parliament, the minister could be required to disclose the committee's evaluation of the appointee and to defend the appointment. A plan of this nature clearly falls within the boundaries of our present constitutional framework and has much to recommend it.
>
> Some encouraging signs have appeared recently. A little over a year ago, the then minister of justice stated "that it would be a valuable step if various provincial bar associations would voluntarily send in regular panels of names of lawyers who would make good judges, regardless of political affiliation." Earlier this year, the Ontario section of the Canadian Bar Association at its annual mid-winter meeting held an enlightening panel discussion on judicial selection during which the need for some check on the qualifications of prospective appointees was generally acknowledged. Only a couple of months ago, the issue was debated once again in the House of Commons where both

the Minister of Justice and the Solicitor General expressed a sympathetic attitude towards the problem.

Every major Commonwealth country except Canada now selects judges on the basis of merit. Surely the time has come for Canada to follow suit.

That is all I have to say tonight in that respect. Let me assure the government that this matter will come up again and again for consideration.

I am pleased to see that an hon. member of another party, the hon. member for York-Scarborough, has shown some interest in this subject. I hope that before too long we will see someone in the Conservative party present a bill on this subject. This would indicate that members on all sides of the house are interested in seeing a change made in our system of selecting judges.

• (9:50 p.m.)

[*Translation*]

Mr. Asselin (Charlevoix): Mr. Chairman, just a few words to tell the hon. member who has just resumed his seat that I do not entirely agree with him when he says that in most cases politicians should not be appointed judges.

Experience has proven, I think, that even if the legal knowledge of the persons to be appointed has to be taken into account, certain other social factors must also enter into the picture. As a matter of fact, those selected must be very human and have a great deal of knowledge of both men and things. I think the method used for the appointment of judges guarantees against serious mistakes. I am happy to say that former governments have appointed as judges persons who were able to perform their duties and assume their responsibilities. In fact, once appointed, they proved beyond doubt that they were impartial.

The hon. member for Burnaby-Richmond (Mr. Prittie) has, of course, raised a point that his political party has been advocating for a few years in its election platform. I do feel, however, that it is not entirely well-founded and before changing our system, I would ask the Minister of Justice and Attorney General (Mr. Cardin) to look fully into it.

I should also like to point out, as I already did when the bill was introduced in the house, that the rolls of our superior courts are very heavy, which in many cases causes serious prejudice to the people under our jurisdiction.

[Mr. Prittie.]

It has happened, even in my private practice, that some cases entered on the rolls had to wait four years before coming before the court. Now, it often happens that during those four years of waiting, one or two witnesses for the defence or for the prosecution disappear, thus depriving a taxpayer of some evidence he could have brought before the court.

It is a fact that the Superior Court rolls are very heavy.

I recently pleaded, before the Court of Appeal, a case that had been entered in 1958. I pleaded the case in 1966. After five, seven or eight years, the memory of a lawyer, or his case, may not be as clear as it would have been had he pleaded the case within two years after it was entered.

I know that the number of judges is set by the provincial authorities and that the federal government has no responsibility in this regard. But I would ask the Minister of Justice and Attorney General to bring some pressure on the various provincial governments to let the federal government appoint a sufficient number of judges to satisfy the requirements of the taxpayers.

The minister, I think, also received last year a brief from the conference of Quebec judges which emphasized the importance of a revision of the salaries of Superior Court judges which are now pitiful. Although a judge may live a more solitary life after being sworn in, he is often called upon to represent his colleagues and give lectures on cultural matters, on a social basis. He is also called upon to travel and he should be given security and protection from all financial worries.

There are judges in the province of Quebec who can hardly make both ends meet with the salary they are getting at present. Those people find themselves in a difficult position, as they have to limit their social activities and I believe that the fact their salary is not increased lowers their prestige and dignity.

The brief makes a comparison with the deputy ministers of the various federal departments. On looking at the scale of salaries of deputy ministers, we find that some of them earn $25,000 per year, whereas we still have judges who earn $21,000 per year. If we allow for the income tax paid by those judges, we realize that they finally get about only $1,100 per month. How can a judge carry out his responsibilities and fulfil his duties with such remuneration, especially in 1967?

In concluding my remarks, this is what I ask the hon. minister. He obviously received this brief; perhaps his officials have considered it and he has studied it himself. I should like to know when the conference of judges that submitted the brief to the hon. Minister of Justice can expect to receive comments from him concerning the salary of our Superior Court judges?

Mr. Cardin: Mr. Chairman, in answer to the question put by the hon. member for Charlevoix (Mr. Asselin), I may say that I have received representations not only from the conference of judges, but also from the chief justice of the province of Quebec who, in fact, was spokesman for all the judges in Canada, with respect to the salary increase. These representations were made at the end of last summer and, as a matter of fact, a very detailed study has been made in regard to the salaries of judges; I believe legislation will be introduced before the house in a not too distant future.

[*English*]

Mr. Herridge: I will be very brief indeed, Mr. Chairman. I see the house leader has a rather strange look on his face. For a number of years I have been interested in this question. I have discussed with judges I have known and lawyers throughout the district the matter of the appointment of judges. I find there is no agreement amongst the lawyers. Many lawyers do not agree with the recommendations of the law societies on this matter. I must say that, on the whole, our experience in Canada has been very fortunate indeed in so far as these appointments are concerned.

However, I do want to support the suggestions made by the hon. member for Burnaby-Richmond to the effect that a committee could be appointed on a provincial basis including members of the legal fraternity and lay persons. I should like to suggest that if lay persons are included then farmers, that good, honest breed, should be included in the committee as well as some representation from the working people. We must remember that judges are human. It does not matter what scheme is devised to make certain they do not err; they are human like other people. Even in countries which have other systems of appointment for judges, such as Great Britain and Australia, judges err on occasion to the discomfort of the government that appointed them.

Clause agreed to.

Title agreed to.

Bill reported, read the third time and passed.

CANADIAN NATIONAL RAILWAYS

PROVISION FOR CAPITAL EXPENDITURES, ISSUE OF SECURITIES, ETC.

The house resumed from Tuesday, December 6, consideration in committee of Bill No. C-299, to authorize the provision of moneys to meet certain capital expenditures of the Canadian National Railways system for the period from the 1st day of January, 1965 to the 30th day of June, 1967, and to authorize the guarantee by Her Majesty of certain securities to be issued by the Canadian National Railway Company—Mr. Sharp—Mr. Rinfret in the chair.

The Deputy Chairman: Shall clause 3 carry?

Clause 3 agreed to.

Clauses 4 to 13 inclusive agreed to.

Title agreed to.

Clause 1 agreed to.

Bill reported.

The Deputy Chairman: When shall the said bill be read a third time, now?

Mr. Starr: By leave, now.

Mr. McIlraith (for Mr. Sharp) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

CANADA ELECTIONS ACT

REFERENCE TO STANDING COMMITTEE OF REPORT OF COMMITTEE ON ELECTION EXPENSES

Hon. G. J. McIlraith (for Miss LaMarsh) moved:

That the report of the committee on election expenses tabled October 11 last be referred to the standing committee on privileges and elections.

Motion agreed to.

Business of the House

REFERENCE OF ACT TO STANDING COMMITTEE

Hon. G. J. McIlraith (for Miss LaMarsh) moved:

That the standing committee on privileges and elections be empowered to study the Canada Elections Act and to report to the house such proposals as the committee may deem advisable.

Motion agreed to.

BUSINESS OF THE HOUSE

Mr. McIlraith: Item No. 84 on today's order paper was not indicated as business for today, but it is a bill we propose to refer to the justice committee. If the house were agreeable, we would go on with second reading now, but I would not press the matter if anyone wishes to debate it.

Mr. Starr: We have not looked at that bill, Mr. Speaker. It is now ten o'clock. We would have been prepared to pass item No. 120, Bill S-55, but since it is ten o'clock I think we have done very well today.

Mr. McIlraith: Tomorrow we propose to continue consideration of the transport bill. After the completion of it, we propose to call item 62 on today's order paper; item 84; item 120; item 124 and item 125. Depending on the time available, I might vary the order of calling any of these measures, but that variation would take place only after discussion with the house leaders of the other parties.

Mr. Starr: If I understand the house leader correctly, if we finish the transport bill, then for the balance of the day we will take these items. However, this does not necessarily mean we will continue taking these items on Thursday?

Mr. McIlraith: No, we would not propose to continue them into Thursday. We would propose for Thursday consideration of item 107, which is the armed forces unification bill.

• (10:00 p.m.)

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

[*Translation*]

TRADE—REQUEST FOR TARIFF PROTECTION AGAINST SHOE IMPORTS

Mr. Roland Godin (Portneuf): Mr. Speaker, on Monday, January 16 last I asked the hon. Minister of Trade and Commerce (Mr. Winters) if he was aware of the difficult situation in which the Canadian shoe manufacturers found themselves, due to excessive imports of these products. The minister's answer, appearing on page 11824 of *Hansard*, read as follows:

—this matter has been brought to my attention before and it is under consideration. It is a fact that imports of shoes have increased, but domestic production has substantially increased too.

In making such a statement, the minister proved one of two things: either he was taking advantage of his position to mislead the public, or he did not have enough information.

I chose to believe that the minister was not well informed. That is why, on January 19 last I mentioned to the house the brief which the manufacturers association of that industry had sent every member of parliament.

Allow me, at this point, to quote a few paragraphs of the covering letter.

Dear Sir,

Enclosed herewith please find copy of a brief we have sent the Canadian committee on tariffs and trade to acquaint its members with the serious situation of the shoe industry.

The brief is the fifth we have sent the committee since May 15, 1964 and, as you will note, shoe imports are still increasing at an alarming rate.

And the brief contains a table based on Dominion Bureau of Statistics figures.

In 1951, for instance, we find that Canada, with a population of 14 million people, produced 48 million pair of shoes as compared to imports of 2 million pairs.

In 1956, with 16 million people, our production had increased to 56 million, with imports reaching 6 million.

In 1966, with nearly 20 million people, we produced 66 million pairs of shoes, as compared to imports of 31 million pairs.

In short, Canada's population increased by 42 per cent from 1951 to 1966, while the production of shoes in Canada went up by only 35 per cent and imports soared to 1,048 per cent. That means that 1966 imports represent 47 per cent of the Canadian production, which is more than needed to bring about the closing of several factories.

In fact, the brief precisely contains the list of manufacturers who have disappeared from the commercial scene in Canada since 1963. They number 26, 13 in Ontario and 13 in Quebec. The city of Montreal has lost four

of its plants while the city of Quebec and suburbs have lost six.

Surprisingly, among the lost plants, some were founded or established at such various times as 1914, 1907, 1961, 1940, and 1912.

There must surely be professionals among those people, I imagine, cultivated persons who are experts in their profession.

The brief further states:

> Since our delegation appeared for the first time before the committee on tariffs and trade in June 1964, our manufacturers have shown growing concern at the shoe imports from socialist countries of central Europe, in particular.

Some shoe manufacturers of those countries bring out lines designed especially for export.

Mr. Speaker, last summer I had the opportunity to spend two weeks in a socialist republic. In that country a suit cost between $50 and $70; shoes cost from $10 to $15, depending on quality. All that while the carpenters and welders working in one of the world's biggest shipyards earned only $35 a month and an engineer, a university professor earned only $75 a month.

Since those workers do not earn enough money to buy their own production, it is obvious that the governments of those countries must look toward the export market if they want to keep their policy of full employment going.

As concerns the Asian countries, it has been well known for a long time that their shoe factories belong to foreign financiers. For the last few years, these gentlemen seem to have chosen Canada as a dumping ground for their products of dubious quality.

In my opinion, Mr. Speaker, for the Canadian government to allow the entry of commodities from the Asian countries is to bow before the financiers who are hiding in Europe and particularly in England. To allow the importation of shoes from communist countries is to encourage slavery, and to tolerate the present volume of imports is to create unemployment in our country.

In many small towns and communities, the shoe industry is the main source of employment of the local workers.

According to the Dominion Bureau of Statistics, this industry provides direct employment for 10,000 persons in Ontario and 14,000 in Quebec, while another 15,000 are employed in allied industries.

All those people are quite concerned about the increased imports and rightly feel that their future is in danger.

Therefore, Mr. Speaker, could we be informed now as to what action the department intends to take to correct this deplorable situation which affects directly or indirectly about 150,000 Canadian citizens.

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Trade and Commerce): Surely, the hon. member is not implying that the Minister of Trade and Commerce (Mr. Winters) intended to deceive anyone.

Such a statement would be contrary to facts, especially since the minister wants very much to protect this Canadian industry.

The brief submitted to the Canadian committee on tariffs and trade by the Canadian Shoe Manufacturers Association was given careful consideration by officials of the Department of Trade and Commerce.

Then it was referred to the Canadian delegation at the GATT conference on tariffs; negotiations are presently under way at Geneva.

This shows the minister's efforts to find a solution to the plight of our shoe manufacturers.

[*English*]

HOUSE OF COMMONS—INQUIRY AS TO THE USE OF ELECTRONIC VOTING MACHINE

Mr. Heath Macquarrie (Queens): Mr. Speaker, we in this house are given to expressing concern over our procedures. Indeed some of the longest arguments I have heard in this chamber have been about time saving and improving our procedures. This of course is not unusual in deliberative bodies. But we have noted of late a public expression of concern about what is fashionably called our image. I have noted the speeches of the Minister of National Health and Welfare and his expressed desire that procedurally we move into the twentieth century.

When one considers that it is now over one year since this session began on January 18, 1966 we are faced with a situation where the calendar year is not long enough for the parliamentary year, if I may express it that way, and there is some reason for concern. I do not worship the goddess of ultra efficiency. We must never make any change which would diminish by one jot or tittle the democratic ingredients of this chamber in the interests of speed, smoothness or efficiency. Some of our

procedures are traditional and old fashioned and some think them not functional. Many traditional procedures are valuable, and indeed essential.

Little can be said in defence of our voting procedure, and much can be said against it. The charge of time wasting is often heard. The government accuses the opposition of wasting time, and I suppose many people who have spoken think that the other fellow who is speaking is wasting time. That is the usual attitude.

I think, however, that our voting procedure here is a complete anachronism. The observer of our chamber hears Mr. Speaker use the time worn expression "call in the members", and he watches the members leave the chamber. What happens in the interval? The members wait, and wait, and wait until a vote is taken. This voting process is laborious and difficult for the officials of the house, and time consuming in the extreme.

• (10:10 p.m.)

I have been watching during the few years I have been here—now close to ten—the number of hours which have been spent in waiting for votes to be called and taken. In the twenty third parliament we spent five hours and 40 minutes. In the fourth session of the twenty fourth parliament we spent 24 hours sitting, waiting, and waiting. I have calculated that since I came to this house we have spent the equivalent of 30 sitting days waiting for votes and having the votes counted. This is a serious factor, and one which should be considered by those who are anxious to improve our procedures.

Lovers of tradition may say we should not lay careless hands on matters of this kind. But our method of voting here is not part of the procedure at Westminster, the mother of parliaments. There, they literally divide the house and their voting process is much quicker than ours. Of course, we tend to wait for members to come in. An example of the ludicrous nature of that procedure occurred not long ago when one ambulance arrived bearing a member of the opposition and another brought a supporter of the government, and both men were carried in to cast their votes. It would have been much better had they obeyed their doctors' orders and stayed in bed.

An electronic device would make possible the instant recording, counting and revealing of the votes of all members. It would be a great time saver. It would be a magnificent aid to making the time we spend here more useful and valuable. If such device were installed, I believe that one of the rights available should be a right which would allow for an abstention. Abstentions have taken place for many years in the British parliament. Though it is hard to believe that any Irishman would not take part in a discussion or an argument, the Irishmen under Parnell abstained from time to time. Certainly in a house where there are several parties there should be a means by which a member could register his presence but indicate that he supported neither the amendment, say, nor the motion which was before the chamber.

So, in the words which the Secretary of State is said to have used in connection with the new Member of the Administration (Mr. Gordon), I would ask the leader of the house to "get with it", and move in the direction I am suggesting. If he cannot take steps to introduce an electronic voting machine now, then at least let him place before the committee on procedure, which I hope the house will soon set up, sample machines whose efficiency may be studied in the interest of their adoption and the improvement of our technique, so that all of us here may spend our time better than in waiting and waiting for a vote to be taken.

Mr. J. B. Stewart (Parliamentary Secretary to Minister of Public Works): The hon. member for Queens is urging that electronic voting machines be installed for the purpose of recording votes in this chamber. He is concerned mainly about the time consumed by our practice of calling in the members and then having the members rise in their places to be recognized and counted. I must say that this may seem ponderous and a waste of time in an era when party loyalty normally leads all members of all parties to follow their leaders. It is not easy to see how the installation of electronic voting machines would overcome the principal time-consuming phase of this process—the phase in which the members are being called in. The machine could speed up the actual counting of members, but that would save only a small part of the total time now taken.

Moreover, sir, I think the hon. member would agree that if we were to resort immediately to the use of electronic voting machines we would hardly be beginning the modernization of our procedure. I doubt that we shall achieve a genuine improvement in our procedure in the house until most members have cause to feel that they are damaging themselves or their party, or both, by long, rambling and repetitious speeches. If the

notion got abroad that such speeches, no matter from what quarter of the chamber they originate, are an affront to the electorate, a spirit that would inspire and energize genuine reform might develop.

Since January 11, 1967, the government has had a motion on the order paper for the establishment of a special committee on procedure. We were told at ten o'clock this evening that if the house moves expeditiously tomorrow, that item of business may be called. The government hopes that it will pass tomorrow. That motion will give a special committee wide power to recommend procedural improvements to the house; and I am sure the committee would not want to overlook the arguments in favour of electronic voting machines, even though I suspect that such machines would not work a very great improvement in time saving in this chamber.

Motion agreed to and the house adjourned at 10.18 p.m.

END OF VOLUME XI