

Supply—Transport

flour moving from all points on all lines of railway west of Fort William to Fort William and Port Arthur and Armstrong; fifth, it did not apply to grain and flour moving from all prairie points on all lines of railway to Vancouver, Prince Rupert and other British Columbia coast points for export; sixth, it did not apply on international overhead and import and export traffic through Canadian ports moving at rates relating to rates in effect from and to the United States of America ports.

At this point I should like to draw attention to a statement which I made on the general debate which took place in 1948 and which will be found in *Hansard* of April 13 of that year. At that time I said that the decision in the 21 per cent case which had been handed down by the board, instead of affecting an estimated freight revenue of \$492 million for the two main railways of Canada affected a freight revenue of approximately \$262,500,000, thus eliminating from that judgment nearly \$230 million of freight revenue. The reason for that is to be found in the exceptions which I have just enumerated. With the concurrence of the applicants and the respondent provinces, the Canadian Pacific Railway was used as a yardstick for measuring the need of the railways, and the decision indicated that the 21 per cent award would yield the Canadian Pacific Railway additional revenues in the amount of \$30,345,000.

Here I want to interject that there was a decision by the government to make a general investigation into the freight rate structure following the decision of the board of transport commissioners in the 21 per cent case. By virtue of order in council P.C. 1487, dated April 7, 1948, the board was directed to undertake a general freight rates investigation with the object of eliminating unjust inequalities which might exist between different persons and between different localities. In July of that year the railways indicated to the board that they were assembling information and would prepare a plan or schedule of rates which in their opinion would accomplish the purposes envisaged by P.C. 1487. To date the plan and proposals of the railways have not been received, and the provincial governments have not made any submission with respect to the order in council.

The board of transport commissioners were of the opinion that the report and recommendations of the royal commission should be studied before completing their findings pursuant to P.C. 1487. In the meantime, however, the board had not lost time but was conducting investigations of its own. Its bureau of transportation economics, along with its traffic department, have had under way for several months a waybill study and analysis of freight matters. This study

involves the assembly and examination of waybills covering the movements of freight on certain representative days over a period of twelve months. By representative days is meant days which after study and examination reflect a normal movement of freight traffic on the railways of this country. It is expected that the waybill study will furnish to the board, for the first time in its history, basic data with respect to the freight rate structure and its incidence upon various sections of the country. The approximate number of waybills which are being examined on the dates selected will total 250,000 shipments. When the study is completed and considered in the light of the recommendations made by the royal commission, the board of transport commissioners will then be in a position to appraise the value of the submissions made by the railways and other parties.

I have indicated already that no submissions have as yet been received by the board. I think in fairness to those concerned I should point out that both the time and energy of counsel, officials and experts of the railways and the provincial governments as well as the board have been so completely taken up with matters of freight rates and the royal commission that so far it has been impracticable for the board to pursue its investigation on the general freight rates by holding public hearings.

I come back now to the history of the period following the decision in the 21 per cent case. Following that decision, representations against the order of the board granting the 21 per cent increase were made on behalf of the seven provinces which had opposed the application, Ontario and Quebec not being included. A petition was made by those provinces to the governor in council on July 20, 1948, and on July 27 the Railway Association of Canada, on behalf of its member railway companies, again applied to the board of transport commissioners for authority to make another advance of 20 per cent on the freight rates in effect at that time.

The board concurred in the suggestion of the respondent provinces that this case should not be heard while the appeal of the provinces from the decision of March 30 was pending before the governor in council. The governor in council gave consideration to the appeal of the provinces, and by order in council P.C. 4678, of October 10, 1948, directed the board of transport commissioners to review its 21 per cent decision and to give consideration to a number of specific complaints made by the provinces at the time at which they dealt with the 20 per cent application of the railways.