

APPENDIX "A"

April 7, 1959.

Committee on Railways, Canals and Telegraph Lines,
House of Commons,
Committees and Private Legislation Branch,
Ottawa, Ontario.
Gentlemen:

We understand that you will be giving consideration to proposed legislation on freight rates on Thursday, April 9, 1959 to discuss a subsidy of twenty million dollars to enable the railways to make a roll-back of the 17% increase allowed them by the board of transport commissioners to become effective December 1, 1958, which will entail a reduction of class and commodity freight rates (other than competitive rates).

One question which we believe should be thoroughly considered is what is meant by the term "other than competitive rates". In eastern Canada, and specifically interprovincially between Ontario and Quebec, the transport industry, for whom we publish and file tariffs, has published class rates similar to those of the railways, and many commodity rates are published in the same way; these we would consider competitive. A good many of these rates, although competitive, bear no symbol to indicate this fact in either the rail tariffs or the transport tariffs.

We feel that the committee should give serious thought to how parliament can justifiably consider, let alone grant, a roll-back at the request of some of the provinces. The board of transport commissioners, whose members have a good many years' experience in these matters, came up with an equalized scale of class rates on a mileage basis which was definitely accepted as being fair and reasonable, and, after careful attention had been given to all particulars pertaining to the necessity of an increase in freight rates, granted a 17% increase.

If these rates are rolled back by the use of subsidization, then the transport industry must, of necessity, roll back its rates to equal those of the railways. This would result in a definitely discriminatory situation, if carried out, as it would appear that no consideration is being given to subsidizing the transport industry for the loss which they would have to bear. If subsidization is fair in one instance, it should certainly be given to all forms of transportation.

There is another matter which should also be investigated, and that is the depressed rates which the railways have established between Montreal and Hamilton, London and Toronto, and which were not given any increase on December 1, 1958. The transport industry has, on two occasions, increased its comparative rates since the railways first established them. If these rates had been increased between the volume points, it would have netted the railway companies a substantial amount of additional revenue and they would still have been below the rates of the transports.

Very truly yours,

W. A. Wallace,
Canadian Transport Tariff Bureau.