

Railway Act

This has been a thorn in the side of the Atlantic provinces and the western provinces ever since the CPR was built. The anomalies of freight rates—or what I call the absurdities of freight rates—have been a thorn in the side of the western provinces for decades. This is somewhat of an occasion this evening. We are finally dealing with this matter—we finally have an opportunity to request our transportation industry to be honest and open with the parliament of Canada, the Minister of Transport, the provinces, and the people of Canada.

Any attempt to rationalize a freight rate structure and remove inequities cannot succeed without full and complete cost data. The lack of progress to date in the federal-provincial committee has been primarily because of the refusal of the railways to supply the information requested. Let me give an example.

An independent study done in Ontario by R. L. Banks and Associates, Inc. was commissioned by the Ontario government, and the report was released in November, 1973. It estimated that the cost of moving coal by rail from Alberta to Ontario was between \$5.49 and \$6.08 per ton. But the CNR and the CPR were requesting a rate of \$9.50 per ton.

In view of the importance of exploring relative economic efficiencies of alternative energy sources, the provincial governments of both Alberta and Ontario demanded information on the railways' cost structure and the rationale for what was obviously an excessive rate—something over \$3 per ton in excess of what was a reasonable cost. In my book cost includes a reasonable return on investment.

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Let us consider subsidies. Each year the two national railways receive hundreds of millions of dollars in government subsidies to cover operating losses on branch lines, or for what they claim are operating losses based on their figures and costs. Allegedly, these subsidies cover uneconomic passenger service. Even the CTC, which you can hardly call the friend of the Canadian public, has disallowed something like 20 per cent of the alleged costs claimed by the railroads for their transcontinental passenger services.

The 1974-75 estimates include payments to the railways of \$140 million. Of this sum, the subsidy for rail passenger service was \$100 million, and for branch line service, \$40 million. Without full and complete costing information the public and the government have no means of knowing whether and to what extent subsidy payments are justified. The parliament of Canada has no alternative except to accept the word of the railways as being given in good faith.

From my experience with railroads, both when I was with them and agin' them, I know that I cannot accept their figures in good faith. We have known too many years of bitter experience with our transportation companies, and I will not accept their costing figures as being given in good faith. Yet the government will part with \$140 million, without knowing actual costs. That is what I call parting easily with public money.

Let me say for the benefit of the Postmaster General (Mr. Mackasey), who I am sure agrees with me, that if our transportation system were treated, owned and operated

as a public utility, if we eliminated nineteenth century concepts of competition and profitability and provided transportation service to meet the needs of Canada, all these figures, all these costs, would always be known to the government, parliament and the people of the country.

To use the words of the Minister of Transport, our transportation system is in a mess. The freight rate freeze was imposed for 18 months and the railways have received or will receive compensation of around \$180 million for what they claim to be the losses they incurred as a result of the 18 months' freeze. Madam Speaker, lacking full access to railway costing data, the government must accept, again, company figures at face value.

What will happen when the freight rate freeze is lifted? Our people complain about freight rate inequities—*anomalies* is the polite word, but *absurdities* is better. The government will part with \$180 million to compensate the railways for alleged losses incurred while their freight rates were frozen; in addition, the lifting of the freeze will mean that these same inequities, anomalies and absurdities will be compounded by 25 per cent as of March 1. I know, Madam Speaker, that you are interested, even if the Postmaster General is busy. The Minister of Labour (Mr. Munro) may be interested.

When you consider existing rates it is small wonder that provinces want costing information, and small wonder that we want it to be made public. Consider the rate for the shipment of iron and steel articles, not punched or drilled or bored. I am not sure if that applies to Liberal members of the House. To ship these articles from Hamilton, Ontario, to Vancouver costs \$2.43 per hundred weight. To ship the same articles from Hamilton to Regina, costs \$2.63 a hundred weight, or 20 cents more per hundred weight.

Mr. Alexander: Watch it!

Mr. Benjamin: Regina happens to be 1,200 miles closer to Hamilton than Vancouver is. We could even ship members of parliament from Hamilton out at cheaper rates.

Mr. Knowles (Winnipeg North Centre): Not the hon. member for Hamilton West (Mr. Alexander)!

Mr. Alexander: I am not disagreeing with your figures, but just watch it when you talk about Hamilton.

Mr. Benjamin: The rate to Saskatoon is \$2.84. What have the railways against Saskatoon? The distance from Hamilton to Saskatoon is not much greater than the distance to Regina.

Let us talk about agreed charges, the rates arrived at between the railways and various corporations. The Minister of Transport has said that there is not much the government or the CTC can do about agreed charges because they result from contracts between the railways and corporations. Let us see what some of these agreed charges do to western Canada.

The rate for 75,000 pound carload lots of calcium chloride from Niagara Falls and Shawinigan, Quebec, to Vancouver, is \$2.63 per hundredweight; the rate to Regina is \$3.12 per hundredweight. That is an agreed charge, a charge which the minister cannot touch because it is