

Mr. JACK GUEST (*Economist, representing the government of the province of British Columbia*): Mr. Chairman, Mr. Minister and gentlemen: we are very pleased to have the opportunity of discussing a number of questions which are of concern to the province of British Columbia in regard to the proposed subsidy of \$20 million.

These problems concern the application of the subsidy. I realise that the position of the Board of Transport commissioners as administrators of the subsidy has been made relatively clear since the committee began meeting on some of the problems that bother the shippers in the Pacific region. However, we feel that the attitude and opinion of the shippers of British Columbia should be made known to the parliamentary committee considering the Freight Rate Reductions Act.

It is the opinion of the government of British Columbia that a normal rate in effect December 1, 1958, and which took the full 17 per cent increase in rate, but in the interval, by virtue of competition or other circumstances may have been reduced below 17 per cent, but above 10 per cent, is entitled to a reduction in rate so that the increase will not exceed 10 per cent. It appears manifestly unfair to us that a rate which has taken all the increases to date, but by virtue of competitive conditions, has now been reduced but is still in excess of 10 per cent, above the December 1, 1958 level, should be given the advantage of subsidy to the maximum percentage allowed by the Board. Therefore, we propose that all non-competitive commodity and class rates which were increased by 17 per cent pursuant to the board order 96,300, effective December 1, 1958, be reduced to the extent the subsidy will allow but not in excess of 10 per cent above the level of rates prior to December 1, 1958.

Everyone is well aware that horizontal increases have the effect of placing an excessive burden on long-haul shippers, particularly all lower value commodities. We refer to the report of Turgeon's royal commission on transportation in the chapter entitled, "Horizontal increase", pages 61 and 62, as follows:

"Horizontal increases aggravate the disadvantage already suffered by long-haul shippers and consignees."

The Report continues:

"Special attention should be given to long-haul traffic and to rates on basic or primary commodities."

Since the report of the royal commission, a number of increases have been granted and the board has not seen fit to implement recommendations of the commission in regard to the impact of horizontal increases on long-haul shippers. It is well known that the western provinces suffer the most from horizontal increases on long-haul shipments. The table entitled "non-competitive commodity rates, distribution of intra and interprovincial car movements by mileage blocks" indicates the relative importance of the long-haul to the various provinces and it is interesting to note that 56 per cent of Alberta cars moving on non-competitive commodity rates travel, on the average, over 500 miles; followed by 46 per cent of the Manitoba traffic and 44 per cent traffic in British Columbia. That is the first table attached. The percentages appear at the bottom of the table.

According to the waybill analysis, Saskatchewan has no inter-provincial movement—the average mileage of which comes within the 500-750 mileage block. Nova Scotia is in a similar position to Saskatchewan. In the average inter-provincial mileages over 750 miles, Saskatchewan has the highest percentage followed by Manitoba, British Columbia, Alberta and Nova Scotia. It is obvious by the percentages of the provincial movements that the western provinces bear the bulk of the burden imposed on long-haul shippers by horizontal increases.