

Can you explain to satisfy my curiosity what you mean by the words "or other circumstances", other than competition now?

Mr. GUEST: Well, there are rates which are definitely competitive rates. I think it was explained at some length yesterday by Mr. Knowles.

Mr. CREAGHAN: Are you going on the agreed charges and competitive rates?

Mr. GUEST: No, I am trying to answer this question, because one deals with competition, and the other deals with "other circumstances". A rate marked competitive, is intended to meet competition caused by water carries or some other form of carrier. Then there are reductions in the rates caused through competition between the railways. In other words, they are a special form of competition.

There are rates which are lower by virtue of certain market competitive situations which may or may not be so considered "officially" competitive. There appears to be a division of opinion in this regard, as to what is a competitive rate. What we are requesting is this, if the rate had absorbed the full increase to last December, that is, if it was a normal rate last December and by virtue of the 17 per cent it had become in part competitive, then it would be entitled, up to 10 per cent, to the same relief.

Mr. CREAGHAN: Has there not been a marked change in the competition or in the other circumstances in British Columbia between November 18 last and the present date.

Mr. GUEST: There have been some quite considerable changes, and I can say this: that at a meeting of our advisory committee on freight rates ten days ago when this question was discussed, some of the larger shippers in the province in discussing the rates which took 17 per cent, when requested to give examples said that it was very difficult, because of the competitive situation which had developed since December 1, 1958, and also because the railways had not fully clarified their position as yet. The situation is not clear as far as rates are concerned, unfortunately for some of our major commodities.

Mr. CREAGHAN: My final question is this: I presume that basically you are not opposed to the \$20 million subsidy?

Mr. GUEST: Oh no.

Mr. CREAGHAN: You seem to be opposed to the purpose of the bill. If I am right in assuming what you suggest, you want another bill to provide a subsidy for payment with respect to other types of rates, which were not protected.

Mr. GUEST: No. We are not requesting a subsidy on agreed charges or competitive rates. But in view of the uncertainties of the situation we are only requesting that if the normal rate took 17 per cent and for any reason at all, the rate was reduced below 17 per cent, but above 10 per cent, that it be given the benefit of whatever difference there is between the ten per cent and the reduced rate.

Mr. CREAGHAN: My understanding was that all class and commodity rates must come up 17 per cent.

Mr. GUEST: No, they do not have to. The board issues an order and it says to the railways: you can take the 17 per cent or any part of it. Then the railways can take it or can refuse it. But if they reduce the rate—it may be for competitive reasons, it usually is—becomes a competitive rate; but if a particular rate up to this time has taken all the increases, and has not been held down before by virtue of competition and now, because of this last 17 per cent rate increase, it becomes a competitive rate in part. This is the rate which we want to protect.