

*Canadian National Railways and Air Canada*

the railways. I have been informed by reliable railway authorities that the resistance offered by a steel wheel on a steel rail is only half that of the rubber tire on tarmac. This may not be significant in itself, but it means that in terms of the energy the railway is in theory twice as efficient as highway transport. With the price of energy rising, this factor should considerably enhance the competitive position of the railways and may reverse to some extent the trend to move goods by highway rather than by rail.

I turn now to an issue which was well brought out at the recent conference between the western premiers and the federal government in Calgary, namely, that the railways have consistently refused to publish details of their earnings and costs in the various regions of Canada. In 1968, after my election here, I asked the parliamentary library to undertake a small research project along these lines. The librarian detailed to do this work stated after a few days that there was absolutely no information of any authenticity available with regard to the operations of the two railways—no idea what their costs were in the west or in any other part of Canada relative to the income they earned there. Unless this information is furnished there can be no enlightened discussion about grain freight rates or freight rates affecting secondary industries in the west.

It has always been the opinion of many people that the railways made money in western Canada. But the companies have consistently claimed that freight rates for western agricultural commodities, particularly basic agricultural products and resource products, have been too low. Not until details are made available shall we be able to make any reasonable assessment as to how badly off, or how well off, the railways are in the west. Certainly a comparison between some of the freight rates which particularly affect western Canada, for example, from Montreal to the central prairies, as against Montreal to Vancouver, throws considerable doubt upon the validity of the case made by the railways.

The western conference was preoccupied with some of these transportation questions. When answers are supplied, perhaps we can make progress. Appendix II of the transportation paper presented by the government to the western conference indicates that from 1968 to 1972 the so-called ton-mile of originating rail traffic increased in the west at a rate much greater than the national average, and now makes up more than 50 per cent of the national average. In 1968 the percentage originating in the west was less than 50—about 45 per cent. Westerners who attended the Calgary conference were dismayed by the lack of interest taken by the government in the transportation issue or, at least, by its inability to come forward with any solutions. All four western provinces seemed to regard the issue as one which primarily involved the freight rate structure, a structure which has not basically changed since the railways' task was primarily to move raw materials out of and manufactured goods into the west. Furthermore there were inequities in that governments, particularly the federal government, paid varying amounts of the cost of different modes of transportation. They contended that railways users pay the highest portion of these costs.

[Mr. Ritchie.]

● (2120)

The National Transportation Act of 1967 relies on carrier competition to control rates. The lack of competition in certain regions in the west gives the railways significant monopolies and the railways seem to set the highest possible rate. Numerous examples were given where the rail rate to a northern town would be immediately halved once the highway reached the town. It seemed important to the premiers that there be a full disclosure of the costs of all modes of transportation, and that a rate-setting procedure be established which would include a federal contribution toward costs comparable to that provided other modes of transportation.

A counter-proposal by the Minister of Transport (Mr. Marchand) at that meeting to the effect that the examination of rate-setting by the CTC of different commodities could and should be speeded up was about the only counter-proposal that I could detect. He pointed with great pride to the fact that the CTC had ordered the railways to reduce the rate on rapeseed meal exported out of western Canada. To the cynical, it should be pointed out that normally rapeseed oil is the most valuable product of rapeseed and that the meal is of considerably less value. But at that time eastern Canada was suffering from an animal feed shortage and the rapeseed meal, not normally a particularly attractive feeding supplement, was needed badly here in the east.

I suspect that had the feed grain shortage not arisen there would not have been any reduction in the tariff on rapeseed meal. Had the CTC been genuinely interested they would have reduced the freight on the oil, because it is well recognized by western crushers that the freight rate structure makes it cheaper to ship rapeseed to the crushers in the east than to ship the oil.

The proposal to review the freight rate structure commodity by commodity is long and tedious and each decision is almost out of date by the time it is made. The railway should be obliged to disclose its costs and revenues by regions. I think that western Canada, being a railway monopoly area, should have situated in it a substantial degree of autonomy in management and economic decisions. The present situation whereby the CNR runs the whole of the country from Montreal means automatic distrust and some poor decisions. Until there is more input into the railway management by people who live in the prairie regions, there will be continuing problems. At this western conference the bringing forward of Premier Lougheed's equitable pricing technique showed that the westerners did have productive ideas and thoughtful solutions.

I would like to discuss for a few minutes regional airlines and the service that is given to the smaller communities in the west. The CTC is allowing TransAir to terminate air service to the town of Dauphin. The town of Dauphin has been served by an airline since after the war, when the forerunner of the present CP Air established a line from Winnipeg to Dauphin to The Pas. This seemed eminently successful and provided a much needed service. But as time went on this forerunner of CP Air was dropped and TransAir took over. The growth of traffic to northern Manitoba reached the position where TransAir stopped direct flights from Dauphin to The Pas and