

distance was de-emphasized by national policy respecting transportation for the Atlantic Provinces.

19. Bill C-120, however, re-emphasizes distances once again by relating rates more closely to railway costs. Such a policy may very well be necessary from a national transportation policy point of view but, it is submitted that it will aggravate the position of the Atlantic Provinces and render less effective the existing national policy respecting transportation for the Atlantic Provinces.

20. As stated earlier it was never intended that the commerce of the Atlantic Provinces should bear the real cost of transportation just as the national policy of the government of Canada, which is a part of Bill C-120, does not require the Western Grain farmer to bear the real cost of transportation of grain in those cases where the existing rates may not meet the railways' costs.

21. The cost of railway operations in the Atlantic Provinces is high. The nature of the region's terrain results in sharp curves and steep grades not found in other parts of Canada. For example, the heaviest grades in Canada are not found in the Rocky Mountains but in the Province of Newfoundland.

22. To illustrate the high costs of railway operations in Newfoundland, where the MacPherson Royal Commission on Transportation found rail losses of approximately \$6 million annually, the Canadian National Railways has this to say:

Of the 547 miles from St. John's to Port aux Basques...only 131 miles are level track.

The grades are steeper than those in the Rocky Mountains. More than 35 miles of track rise at from two to two and a half per cent grade, and three more miles are even steeper than two and a half per cent.

The sharpest curves on the Canadian mainland are six degrees. The Newfoundland Area can boast 35 miles of 10 to 12 degree curves, and nearly a mile of 15 degree curves. The sharpest curves can be found on the steepest grades.

As one veteran engineman...puts it, "Sometimes you are going uphill and at the same time you are going downhill, and you can be going round three curves all at once".¹

23. Furthermore, the equated tonnage rating for the largest Canadian National locomotive within Newfoundland ranges from a low of 750 tons to 1,060 tons Eastbound from Port aux Basques to St. John's. On the other hand, a locomotive of approximate equal tractive capacity on the mainland has an equated tonnage rating ranging from 4,000 tons to 1,370 tons eastbound from Joffre, P.Q. to Sydney, N.S.

24. Recent studies carried out by some of the world's major railways indicate that operating costs on rail lines with heavy grades and sharp curves can be eight times as high as the operating costs on lines with easy curves and grades. Canadian National confirms that heavy grades have a significant effect on their costs.

25. While the new maximum rate control provisions of Bill C-120 will replace the former horizontal method of increasing freight rates, there is no guarantee that the railways will not continue to seek, and to secure, the greater share of their overhead costs from the shippers in the extremities of the country. The relating of rates to a fixed percentage above variable costs will mean that the long haul shipper with the higher variable costs per unit of traffic will continue to pay more absolutely to the railways' overhead costs, unless competition dictates otherwise, than the short haul competitive shipper.

26. In summary the position of the Atlantic Provinces relative to the rest of Canada has worsened since the passage of the Maritime Freight Rates Act

¹ "Keeping Track", July-August 1963, Vol. 6 No. 6 p. 17.