

operations, many of these costs were offset by better technology and mechanization.

Improved methods of transporting grain have resulted in substantial savings. The tonnage per mile is now much greater. Fewer trains, smaller crews and lower operating costs will now move the same volume as was transported 20 years ago. This is not to say that grain transportation is operating at all times on a satisfactory basis. Rail tie-ups and lack of organization often result in lost sales and tie-ups at our export terminals, resulting in demurrage charges that are paid by the farmers and not by the railways. I think that we in western Canada should look forward to the appointment of an independent railway controller to co-ordinate the various facets of grain movement and of agricultural produce generally from western Canada.

It must also be noted that railways have increased their profits by increasing the rates on grain for domestic use, which is not subject to the rates set out in the Crowsnest Pass agreement. An example is the rate structure for grain moving from Carman, Manitoba, the town from which I come, to Vancouver, British Columbia. In 1960 the rate per hundredweight of grain for export was 34 cents. Today it is the same price. However, the rate on grain for domestic use has gone up from 91 cents per hundredweight to \$1.28.

It should also be noted, Mr. Speaker, that on many occasions in the 1950s and 1960s considerable pressure was put on the government and the then board of railway commissioners to have an upward revision of the freight rates for export grains. However, the railways could not prove that they were not already making large profits under the existing rate structure. Further, freight rates for grain are within the sole jurisdiction of the Parliament of Canada. Because of their success and the profits on export grain transportation, it is my contention that these rates should remain the same.

I wish I could say the same for other freight rates. As I have already said, conditions have greatly changed since 1897. The west, although greatly reliant on agriculture as a prime industry, is in a state of transition. Our cities have grown; we are close to vast and rich natural resources; we have a skilled labour force. We are struggling to take advantage of these assets. Diversification is the only answer to relieve the west from the ups and downs in world grain markets and poor years in agriculture. Yet we are being held back by external factors. One of these, in my opinion, is the discriminatory freight rates in favour of eastern interests. This is a subtle protectionism and is contrary to the spirit of the free trade provisions of the BNA Act.

In the west the railways have us over a barrel, Mr. Speaker. There is no effective water competition to serve the prairie provinces. Truck competition tends to be more competitive over short hauls for manufactured goods produced primarily in Ontario and Quebec than on the longer hauls of raw materials in western Canada. I might say that we could have effective water competition if the government would develop the port of Churchill to its full potential. We in the west are victims of what the railways call captive status. There are thousands of examples both of spectacular disparities and modest disadvantages

National Transportation Policy

affecting the general structure of freight rates. What recourse do we in the west have in these cases of discrimination? There is very little recourse, and what there is, is under the auspices of the National Transportation Act of 1967.

That act supposedly provides a criterion for appeal and an investigation method for any accusations of discrimination. But in order to seek compensation or revision of the freight rates one must show that there is a deliberate act or omission by a carrier in the establishment of rates that will endanger the public interest. Further, for relief under the act a shipper must show he is captive to railway shipping only for goods shipped in quantities of less than one carload, or 5,000 pounds. A shipper must apply to the commission to fix rates at a more equitable limit based on a complicated formula.

However, this whole process results in hearings which are expensive and lengthy, and they cannot be termed an adequate method of determining freight rates. The inadequacy of the 1967 act has been responsible for the comparatively modest number of rate hearing applications to the CTC in the last five years. I can give several examples of how these discriminatory freight rates have affected Manitoba industry. The freight rates for iron and steel products, canned foods, livestock and a variety of other products which are shipped to northern Manitoba are good examples of the wide differences in freight rates.

The distance from Sault Ste Marie to Ottawa by rail is only six miles less than the distance from Selkirk to Gillam. The rates on the eastern run are one-third less than the rates on the run from Selkirk to Gillam. Rates on iron and steel products from Selkirk to Vancouver are identical to those from Montreal to Vancouver, although the latter run is twice as far. I could list dozens of more spectacular examples. The general trend, however, is more subtle but is to my mind just as devious. On the whole, rates to and from Manitoba and within Manitoba are approximately 15 per cent above rates in other parts of Canada. I have and always will consider this situation deplorable. The rail transportation system in western Canada should make an attempt by basing its freight rates on all other rational factors besides captive status, which is the state in which all the western region outside Vancouver finds itself.

• (2040)

Considering the tremendous effect that the railways have on our lives in western Canada, Mr. Speaker, I have come to the conclusion that we must investigate new transportation policies. Perhaps an independent body composed of all interested parties to look into discriminatory freight rates and tariffs would be a realistic approach. I think this must come if we are to have equity in all parts of the country.

In conclusion, I believe that the freight rate structure is maintained primarily to benefit central Canadian industry and transportation companies. Tariffs and railway rates are not conducive to diversification of industry and western development. I should like to ask how long the federal government and eastern commercial interests expect western Canada to suffer silently this gross inequity.