

Transportation

the whole matter cannot be questioned periodically without regard for compensation. Nobody knows what the total amount of the revenue of the C.P.R. was in 1897. We believe that this clause is redundant because we have an inviolable contract with the railways and therefore we cannot accept the government's proposal that it be reviewed in three years time.

Mr. Pickersgill: The contract was with the C.P.R. for carrying grain to Fort William. It has been applied by law to the C.P.R. to carry grain to Vancouver and to the C.N.R. to carry grain to Churchill. In none of these cases was there a contract. It is the law of this parliament which directs this, and this will not be reviewed. All that will be reviewed is the cost which this movement of grain will involve.

Mr. Horner (Jasper-Edson): I was going to come to the position of the other railway under this contract because I believe that this has already been reviewed twice, early in the 1900's and again in 1925. At that time the rates were made to apply to the C.N.R. when it was formed and we gave up a part of our rights under the Crowsnest pass agreement but we said we would not give up the other rights under the Crowsnest pass agreement which gave us lower rates on goods coming into western Canada. Even in 1925 the railway companies said that if we gave that up they would continue to haul grain at the ceiling rate.

Mr. Gobeil then goes on to say:

Second, I do not believe that the grain cost studies which have been brought before this commission have succeeded in their attempts to measure the extent of the loss which, it is alleged, the railways incur in the movement of grain under statutory rates.

● (5:50 p.m.)

I am not convinced, furthermore, that the studies in question have been able to establish that there is any loss whatsoever.

Last evening the hon. member for Rosthern dealt particularly with this point. We are not convinced that any loss whatever is incurred. I should like to refer the minister again to two minor railways that have been hauling grain under the Crowsnest pass rates for a number of years. One of these railways, the Hudson Bay Railway, has been run by his own department. I believe it was in 1956 or 1957 that the Canadian National took over the operation of the Hudson Bay Railway. I refer the minister to the annual report of the Department of Transport for 1957 which indicates that the Hudson Bay Railway moved a total of 600,000

[Mr. Horner (Jasper-Edson).]

tons of freight, 78 per cent of which consisted of wheat for export. The balance of traffic was made up of sundry freight and the carriage of passengers. We have been talking about compensatory charges, variable cost charges or, as Donald Gordon said, out of pocket expenses. This line, 78 per cent of whose traffic consisted of export grain, produced a surplus of \$34,000 in 1957. This railway is operated by a department of government, and if there is anything in Canada more inefficient than a department of government I have not seen it.

We are talking about costs and I point out that Mr. Gobeil said that the railway had never brought forth a legitimate cost study. We agree with Mr. Gobeil 100 per cent. The figures are not realistic. As he points out in his report, losses on passenger traffic can vary anywhere from \$75 million to \$255 million, which is a substantial spread.

The other railway about which I want the minister to think for a moment is one that runs through my own constituency, the Northern Alberta Railway. It has been operating since 1927. The great majority of the freight carried by this line is grain under the Crowsnest pass rates. During the last several years the Northern Alberta Railway has never suffered a loss. There is something wrong when these two small railways can carry grain and make money on it while the two larger railways continue to maintain they are losing money hauling grain. We in western Canada do not believe that for a moment. We think that this new section is redundant. As I said earlier, it violates the contract and the cost figures are inaccurate.

The other point I want to make is that the railways have been talking about ton miles. Anyone who has travelled across western Canada by air will appreciate that it is a considerably different problem to haul a ton of grain a mile in western Canada from what it is to haul a ton of grain in some other areas of Canada. The ton-mile costs that the railways continue to use are absolutely irrelevant and are in error. The railways are doing themselves a disservice and almost insulting the intelligence of the people before whom they put these figures. This was Mr. Gobeil's second point and was one of the reasons he could not accept the MacPherson report with regard to subsidies on grain. It is one of the reasons we do not accept it and one of the reasons we say this section is completely redundant. We want it out of there.