

The Grain Growers and Millers Before the Board of Railway Commission

AT THE hearing of the applications of the Dominion Millers' Association for a reduction of the charges for elevating, insuring and storing grain in C.P.R. elevators of Fort William, and that of the Grain Growers' Associations to have an order made that the charges for elevating and storing grain in the elevators owned by the railways at Fort William and Port Arthur should be reduced to the charges made by the C.P.R. in their elevators at Owen Sound. The two complaints being similar in character, was made one at the hearing. The Millers' Association was represented by the secretary, Mr. Watts, while Mr. McMaster, counsel for the Toronto Board of Trade, presented the case for the Interprovincial Council of the Grain Growers' Association. The Secretary, Mr. R. McKenzie, was also present to give evidence.

Mr. Watts filed the tariff for storage, elevating and insurance that is now in force at Fort William, together with the tariffs in force in the Eastern Transfer Elevators, of which we reproduce the following:

Midland Elevator Co., Midland, Ont.—

Domestic grain—

Elevating, including 30 days free storage ½c.

After 30 days free storage and for each succeeding 15 days or part thereof ⅜c.

Collingwood Elevator, Collingwood, Ont.—

Summer storage: Domestic grain—

Elevating, including 30 days free storage ½c.

After 30 days free storage and for each succeeding 15 days or part thereof ⅜c.

Winter storage (November 1st to May 1st): Domestic grain—

Elevating, including 15 days free storage ½c.

Storage charges for full winter period 1½c. (flat)

For shorter period, or for each 15 days or part thereof ⅜c.

(Winter grain remaining in store after May 1st will be subject to this charge in addition to full winter storage.)

Turning grain once in elevator ⅜c.

Canadian Pacific Railway, Owen Sound, Ont.—

Summer storage (May 1st to October 31st, inclusive): Domestic grain—

Elevating, including 30 days storage ½c.

Export grain—

Elevating, including 30 days storage ¼c.

Storage for each succeeding 15 days or part thereof. (Domestic and export) ⅜c.

Winter storage (November 1st to April 30th, inclusive): Domestic grain—

Elevating, including 15 days storage ½c.

Export grain—

Elevating, including 30 days storage ¼c.

Storage for each succeeding 15 days or part thereof. (Domestic and export) ⅜c.

(Between November 1st and April 30th, when charges at regular rate accrue to 1½c. per bushel no further charge will be made.)

Grain remaining in storage after May 1st, for each succeeding 15 days or part thereof, in addition to accrued charges, at flat rate ⅜c.

Goderich Elevator Co., Goderich, Ont.—

Domestic grain—

Elevating, including 15 days storage ½c.

Export grain—

Elevating, including 15 days storage ⅜c.

For each succeeding 15 days or part thereof, all grain ⅜c.

(Winter storage begins November 15th and expires May 1st.)

Elevating ½c.

Storage 1c. (flat)

Grain remaining in elevator after May 1st, for each succeeding 15 days or part thereof, in addition to accrued charges at flat rate ⅜c.

Turning grain in elevator ⅜c.

He also submitted a tabulated statement of the weekly receipts and shipment, quantities in store and the amount of insurance carried on grain each week by the C.P.R. in their Fort William terminals.

He also submitted the following statement as to the cost of insurance in the different elevators for a year.

C.P.R.

Elevator "A" \$3.02 per \$100.00.

" "B" 2.46 per \$100.00.

" "C"50 per \$100.00.

" "D"40 per \$100.00.

C.N.R.

Working houses "A" \$2.64-

Working houses "B" 2.34

Tanks 20c.

Consolidated 20c. on full capacity.

Mr. Watts submitted evidence that was not contradicted—That the terminal elevators insure the grain in store by the year; that the amount is adjusted at least once a week; and, in the case of the C.P.R., daily; and that the annual premium is paid on the average amount for the year.

Mr. McMaster, for the Grain Growers, showed that formerly the rate for elevating, cleaning and 15 days' storage was ½c. a bushel, which was subsequently raised to ¾c. a bushel to cover insurance, and grain remaining in store after 15 days was charged at a rate of 1-30c. a day, equal to 1c. a month with no limitation as to time, while at Owen Sound grain was elevated and stored 30 days for ½c.; the maximum charge for six months was 1½c. per bushel, and ¼c. per month thereafter.

He did not complain that ½c. per bushel was an overcharge for elevating and 15 days' storage, attacking only the charges made for insurance and long term storage. He submitted the following facts as to the C.P.R. terminals: Assuming that an equal amount of grain was stored in each of their terminal elevators, the average rate of insurance paid would be \$1.59½ per \$100.00 for a year. The maximum amount of insurance carried at any one time last year disclosed, was \$2,952,055, which would cost the C.P.R. at the above average \$47,084.95. The rate of insurance on their two largest elevators, which comprises two-thirds of their space at the terminals, is in one case, 40, and the other 50 cents, and take the other third at \$3.02, the highest charge, would give an average of \$1.31; and assuming that they only pay on the average insurance in force weekly, their insurance on grain for the year ending the 30th of June cost them \$20,433.90. During that time, their grain receipts were 27,759,209 bushels, on which they collected ¼c. per bushel for first term insurance amounted to \$69,398, to say nothing of what they collected on grain remaining in store after the first term.

A feature of the defence was that the C.P.R., which was attacked, entrusted their defence to Mr. Phippen, solicitor for the C.N.R., though their own counsel was present. They made no effort to rebut the facts submitted by the Grain Growers, resting their case on the statement of their earnings.

Mr. Lanigan, for the C.P.R., showed the value of site, track and plant at \$2,398,947.

Operating expenses	\$200,617	Gross earnings for	
Depreciation	71,968	one year	\$350,030
			272,585

Net earnings \$ 77,445

about 3 per cent. on the investment.

When cross-examined by Mr. McMaster, Mr. Lanigan could give no detail as to how the operating expense was made up; could not give the cost of insurance, labor, etc., though his mind was quite clear on many items that properly belonged to operating expenses that was not included in the above statement.

Mr. Kneeland for the C.N.R.: Cost of plant, \$2,750,000.

Operating Expense \$130,568

Depreciation, 3 per cent. on Work

Houses	47,500	Gross Earnings	\$391,184
			178,068

Net Profits \$213,116

eight per cent. on the cost of the plant.

The Chairman of the Board, in dismissing the application, stated in part: "The onus of proving that the earnings of the terminal elevators return an undue profit on the investment was on the complainants. While they, the complainants, showed that the charges made for insuring the grain were more than the cost of insuring to the parties complained of, and that the charges for storage was largely in excess of that made by the Eastern transfer elevators, yet they failed to prove that the total earnings of the elevators was in excess of a fair rate for the money invested. On the other hand, the railways, although they did not need to do so, submitted statements which go to show earnings of 8 per cent. on the C.N.R. terminals and a good deal less on the C.P.R., which the complainants fail to disprove."

We are not disposed to quarrel with the decision of the Board at this time, which on the record could not be expected to be otherwise; at the same time, the attitude of the Board as expressed by the Chairman, which in effect was that no matter what the charges were unless it can be shown that the net

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