

*Railway Act*

traffic through Canadian ports where in practice such rates bear a fixed and long-standing relationship with rates on similar traffic through ports in the United States are also exempted. A third group of exceptions are the competitive rates, which form a large group, and the agreed charges authorized by the board under part V of the Transport Act of 1938. The rates over the White pass and the Yukon route are excepted. There is also an exception for all the Crowsnest rates which are statutory rates applying principally to the hauling of grain. Another group of exceptions are all the rates subject to the Maritime Freight Rates Act.

The representatives from the maritimes were not satisfied that this exemption of the rates under the Maritime Freight Rates Act protected them; and at their request, and with the approval, may I say, of all the members of the committee and the representatives of the four western provinces, an additional exception was written into the bill to protect the maritimes. It will be found in a new paragraph (f) of section 332A of the Railway Act, which reads:

(f) rates applicable to movements of freight traffic upon or over all or any of the lines of railway collectively designated as the "Eastern Lines" in the Maritime Freight Rates Act as amended by the Statute Law Amendment (Newfoundland) Act.

This means, Mr. Chairman, that the national freight rates policy begins at Levis, Quebec. It does not apply east of that point, so the eastern part of Quebec and the four maritime provinces, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland are excepted. In the general result too I do not believe Ontario and Quebec are going to be very much affected by this national freight rates policy. In those provinces much of the carriage of goods by rail is subject to competition from ships and from trucks. This means that there are competitive rates in Ontario and Quebec which are lower than the ordinary type of rates, and as such they are excepted from the provisions of section 332A which contains the national freight rates policy. The Canadian Pacific representative stated that over 41 per cent of the freight traffic being carried by that railway would come under these exceptions, and only about 59 per cent would be subject to the so-called national freight rates policy. We should not fool ourselves that the bill, good as it is in most of its provisions, constitutes a new national freight rates policy.

Another fact we should bear in mind is that these provisions will not be implemented for a period of several years. The class rates will not be finally dealt with by the board

[Mr. Green.]

of transport commissioners for a year and a half or two years. After that the commodity rates have to be reviewed and brought under the terms of this section. It may, therefore, be four or five years before this policy really comes into effect. I am not criticizing that delay. I assume it cannot be avoided. But we should remember that there will be all this delay in implementation.

Another important feature of the bill has to do with these competitive rates. As I have said, they are excepted from the new freight rates policy; they do not come under it at all. They are especially low rates put in by the railways to enable them to meet competition. Most of such rates are in effect in Ontario and Quebec. The bill, in section 331, seeks to tighten up the competitive rates. I think there is an attempt to make it more difficult for the railways to bring in these competitive rates. If something cannot be done about them there is not going to be much chance of the eight provinces being relieved of any of the burden of railway freight rates. I suppose it is hoped that this section 331 will make Ontario and Quebec pay higher rates than they have been paying in the past. They obviously do not much fear that result because they did not bother to come before the committee.

I would point out that under section 331, in order for a railway to justify putting in a competitive rate, several things must be proved. In the first place the railway must show that the competition actually exists. Then it must show that the competitive rates are compensatory. In other words it cannot put in a rate that is below what costs will be. Then the railway must show that the rates are not lower than necessary to meet competition. All these conditions must be met in order to justify a competitive rate. But once the rate is put in the railways are free to abolish it or to raise it at will. The board of transport commissioners has no control over the abolition or the increase of these competitive rates.

As I have said, section 331 is the code dealing with competitive rates. But there is another section in the bill which also deals with them, namely section 332B. It deals with one type of competitive rates known as the transcontinental rates; they are the rates on goods carried across the country where there is competition between the ships and the railways, as for example at Vancouver. A special provision is made with regard to that one type of competitive rate. Section 332B writes in a ceiling on what can be charged to the intermediate areas—primarily the prairie area—and provides that