

THE MARITIMES TRANSPORTATION COMMISSION

Supplemental Submission of the Maritimes Transportation Commission
to the Standing Committee on Railways, Canals and Telegraph
Lines Respecting Bill C-120

1. The Maritimes Transportation Commission makes this Supplementary Submission with respect to Exhibit V entitled "Maritime Rate Preference Under Bill C-120" prepared by the Department of Transport under date of March 10, 1965.

2. Exhibit V refers to the first paragraph in the Report of the Duncan Commission on Maritime Claims and states:

That Commission found that the preferential position of the Maritimes in respect of rates on goods moving within the Maritimes, which shippers in that area had enjoyed for many, many years, had been reduced by successive rate increases and should be restored.

Section 7 (formerly Section 8) of the Maritime Freight Rates Act reads as follows:

7. The purpose of this Act is to give certain statutory advantages in rates to persons and industries in the three Provinces of New Brunswick, Nova Scotia, and Prince Edward Island and in addition upon the lines in the Province of Quebec mentioned in Section 2, together hereinafter called 'select territory', accordingly the Board shall not approve or allow any tariffs that may destroy or prejudicially affect such advantages in favour of persons or industries located elsewhere than in such select territory.

3. It is submitted that the principal purpose of Section 7 was to give an advantage to Maritime shippers *relative* to persons or industries located elsewhere than in the select territory. Exhibit V states that the railways under the maximum-minimum scheme will be free to make rates as commercial requirements dictate but will still be subject to Section 7 and that the railways will have to consider whether any rate action taken elsewhere will "destroy or prejudice" advantages given shippers in the select territory "in favour of persons or industries located elsewhere." The Exhibit then continues:

This will be a question of fact and while it does not mean that every Maritime rate must be kept 30% below some other rate elsewhere in Canada, it does mean that the railways will have to be sure that their rate-making policies will not destroy the rate advantages referred to in Section 7. In any case it will be open to shippers in the select territory to complain to the Board and obtain redress if their advantage is destroyed or prejudicially affected. This will ensure that Maritime shippers continue to enjoy rate preferences.

4. It is the submission of the Maritimes Transportation Commission that in fact the relative advantage intended to be given to shippers from the select territory by Section 7 has in practice and in the competitive environment which has developed since 1927 proved to be illusory in the light of the judgments in *Province of Nova Scotia et al—Maritime Freight Rates Act—Tariffs (1936) 44 Canadian Railway Cases 289* and on appeal to the Supreme Court of Canada (1937) *46 Canadian Railway Cases 161*.

5. The facts of that case are, briefly, that in order to meet truck competition the railways reduced freight rates on potato shipments in certain areas in Ontario and also in certain areas in Quebec outside the select territory as defined in the Maritime Freight Rates Act. The Transportation Commission of