

*Transportation*

**Mr. Deputy Speaker:** It is so ordered. Does the house agree now to resume the business interrupted a few moments ago?

**Some hon. Members:** Agreed.

**TRANSPORTATION**

## PROVISION FOR DEFINITION AND IMPLEMENTATION OF NATIONAL POLICY

The house resumed consideration in committee of Bill No. C-231 to define and implement a national transportation policy for Canada, to amend the Railway Act and other acts in consequence thereof and to enact other consequential provisions—Mr. Pickersgill—Mr. Batten in the chair.

On clause 50—*Crowsnest pass rates.*

**The Chairman:** Pursuant to an order just passed, I do now leave the chair.

SITTING SUSPENDED

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SITTING RESUMED

The committee resumed at 8 p.m.

**Mr. Pickersgill:** Mr. Chairman, I think there was an understanding that we would go back to clause 42 at eight o'clock. However, I think it would be a little unfair to do that before a few more hon. members have come in to the committee. I would suggest that the hon. member for Acadia should conclude his speech first. Then we could suspend discussion on clause 50 and go back to clause 42.

**Mr. Horner (Acadia):** Mr. Chairman, before the recess I gave some reasons for my doubts on the necessity for an inquiry by the transport commission into the revenues and costs of the railway companies with regard to the grain movement in general, and the effect of the Crowsnest pass rates upon the revenues of the major railways.

Back in 1957 we shipped 256 million bushels of grain in export trade. At that time the railways claimed that they were losing money on this operation. In the last few years we moved twice that amount of grain but the railways are still saying they are losing money. If that is so, then why do the C.N.R. annual reports show an increased revenue and why do the C.P.R. annual reports show increased profits? The MacPherson commission have completed an exhaustive study of the matter. Since the establishment of the commission, the grain trade has been doubled.

[Mr. Deputy Speaker.]

I believe quite sincerely that the establishment of an inquiry into the Crowsnest pass rates should be removed from this bill entirely. It might well be argued that as this rate was established in 1898 it is now outdated. The opposite argument could also be advanced, that because the rate was established in 1898, because of the dieselization, the establishment of the heavy track, the better balance on the track and the larger train movement, the rates should be reduced. This would be quite logical. One only has to look at the pamphlet called *The Freight Equipment Catalogue*, published by the C.N.R., to see the size of box cars for moving grain that were built at that time. Some of them are still in existence.

At that time the average box car could be loaded with 1300 bushels of grain. This has changed in the last 10 years. Instead of a steel frame box car the railway companies are using a complete steel car moving up to 2000 bushels of grain. Recently we have seen the introduction of a new hopper-type car which will load, carry and unload what is commonly called a continuous stream of grain.

I do not believe that the railways have been modernized to any appreciable degree, and I firmly believe that the recommendations based on the MacPherson commission's report will bring to a halt the process of modernization which has been started in the grain trade.

In this particular clause no reference is made to what should be considered as the total cost of the movement of grain. We considered this question in the committee, where we were told by the railway company that 70 per cent of their costs were variable and that 30 per cent were fixed. These are rough figures only. The bill states that all rates shall be compensatory. In the railway committee we were told that this meant that all rates should cover variable costs. In other words the railways are permitted to set a rate which would amount to 71 per cent of their total costs, and the commission would allow this.

How will the commission judge the costs and the revenues of the railway companies? Will it include all the fixed costs or will it include just the variable costs? Will the railway companies have to prove that the Crowsnest pass rates are only compensatory? In glancing at this clause it might seem logical to some people that the Crowsnest pass rates should cover the total costs, but it is a well established practice that the volume of trade of a given commodity in a given area shall determine the percentage of the fixed cost so