

## APPENDIX "H"

Submission of the Maritimes Transportation Commission on Behalf of the Governments of Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland Respecting Bill C-120

*Introductory*

1. The Maritimes Transportation Commission welcomes this opportunity of presenting to this Committee the views of the Governments of the Atlantic Provinces on Bill C-120. In accordance with the expressed desire of the Committee this submission will deal with the substance or over-all policy of the Bill as it relates to the Atlantic Provinces and not with its detailed provisions. In other words the Commission is concerned at this time with the general effect of the Bill on the economy of the Atlantic Provinces rather than with the particular effect of any specific provision of the Bill.

*National Policy and National Transportation Policy*

2. The MacPherson Royal Commission report (Volume 11, pages 1 to 3) clearly sets out the distinction between National Policy and National Transportation Policy. Bill C-120 provides for a National Transportation Policy with respect to railways essentially by giving free rein to the operation of competition with other forms of transportation subject to a rate floor and, in certain circumstances, to a rate ceiling. National Policy matters as related to rail transportation are dealt with in the subsidy clauses relating to grain and grain products and passenger services and with respect to branch line abandonments.

3. This submission is particularly concerned with that manifestation of National Policy contained in the Maritime Freight Rates Act. Whilst it is true that the Bill provides that rates resulting from the operation of the Bill are subject to the Maritime Freight Rates Act it is the contention of the Governments of the Atlantic Provinces that the Maritime Freight Rates Act is not now fulfilling the purpose for which it was enacted and that the "special examination into the problems relating to Maritime transportation and the Maritime Freight Rates Act" as hereafter referred to in this submission should be conducted, completed and acted upon as soon as at all possible and that in the meantime the rate "freeze" now in effect for Atlantic Provinces' rates under the Freight Rates Reduction Act should be maintained.

*Historical Aspects of Transportation in the Atlantic Provinces*

4. The National Policy pertaining to transportation in the Atlantic Provinces has been historically to provide for a lower level of rates than elsewhere in Canada—rates which have never been intended to reflect the real cost of transportation.

5. This lower level of rates was first expressed in the Intercolonial Railway rate structure. Following a temporary abandonment of this policy in the period 1912-1927, the principle of a lower level of rates—rates not reflecting the real cost of transportation—was reestablished in statutory form by the enactment of the Maritime Freight Rates Act in 1927. Appendix 1 to this submission graphically illustrates the position of Maritime rates in relation to other Canadian rates for the period immediately after the construction of the Intercolonial Railway until after the passage of the Maritime Freight Rates Act in 1927.