

The flat increases of so many cents per ton, applied on all coal, regardless of its value and the length of haul, have been particularly onerous for lignite coal. The unfairness was recognized by the Board of Transport Commissioners in its decision in the 15 per cent case on December 27, 1957, when it applied an increase of 6 cents per ton on all coal except lignite. The board stated in its judgment as follows:

"This commodity—that is lignite coal—is an article upon which the board itself in the western rates case of 1914 prescribed rates 10 per cent lower than on Alberta coal. This base has been disturbed over the years by applying the same increases to lignite coal as to higher value bituminous, sub-bituminous and anthracite coal. We believe the point has been reached where a difference in treatment of lignite coal versus other types of coal should be restored.

The board considers, therefore, that no further increase should be made at this time in the normal rates on lignite coal, but that the increase of 18 cents per ton already permitted should be allowed to stand."

Subsequently the cabinet rescinded its decision and in the later 17 per cent case the board refrained from differentiating between lignite and other types of coal for the reason, among others, that it considered all types of coal should bear the special charges for wages which occasioned the increase. The board's decision read in part as follows:

"The board considers that there is not the same justification now that there was at the time of the last judgment for the board to establish lower rates on Saskatchewan lignite coal than on Alberta coal, and that, at least for the purposes of this interim judgment, coal traffic should bear a share of the burden of the increases in labour expenses without difference of treatment as regards different kinds of coal."

From this it would seem that the board considered that under less emergent conditions, more careful consideration would have been given to the position of lignite coal. The fact that the board felt impelled to deal with lignite on this basis is an added reason for extending to it the benefit of a temporary subsidy designed to overcome the hardship resulting from the board's last decision.

Equally serious is the fact that the cumulative effect of the flat percentage increases applied on short-hauls has interfered gravely with the natural geographical advantage which lignite coal should enjoy in the Winnipeg and other markets. The inequities and distortions created by the flat increases have seriously affected the competitive position of the industry.

Next I would like to deal with special considerations regarding thermal power.

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The possibility of selling large quantities of lignite coal for the generation of thermal power at Brandon and Selkirk in Manitoba have been referred to. For one plant alone the estimated tonnages have been over 160,000 for 1959 and 320,000 for 1960. Apart from the danger of natural gas competition, this type of market is imperilled by another development. Arrangements have been completed for direct power sales by Saskatchewan to Manitoba. Thus, unless coal transportation costs are kept in line, it is possible that movements of coal to these new thermal power units may never commence.

Finally, I would like to summarize this argument as follows: