

54.48 per cent in central Canada (Ontario and Quebec) and 50.05 per cent in western Canada.

Statement two contains the same tabulation; only this statement refers to traffic outbound from one region into other regions. There again it is quite apparent that the maritime rate territory which, by revenue, has 69.72 per cent of its traffic in non-competitive and agreed charges, leads the rest of the country in this dubious distinction.

In respect to inbound traffic into various rate territories, the figures are to be found on statement three. The picture there, too is more adverse to the Atlantic provinces because almost 78.98 per cent of the traffic that we receive from other parts of Canada travels into the Atlantic provinces on non-competitive class and commodity rates.

Now it is quite apparent to us from the statements that, both by revenue and by tonnage, we have the highest proportion of non-competitive rates in respect to inbound, outbound and intro-regional traffic.

Since bill C-38 applies to non-competitive traffic and will hold the 17 per cent increase down to approximately 10 per cent, this bill is, according to our statement, of considerable benefit to us. Certainly, even this hold down does not restore completely the situation as it existed before the 17 per cent increase. No hold down can.

As I understand it, the bill is an attempt to lessen the impact of the increase on that part of the traffic which, for one reason or another, has never become competitive enough to force the railways to publish either competitive rates or agreed charges on it. The bill does that.

It lessens the severity of the impact of the 17 per cent increase on that type of traffic to the extent of the hold down, and it does so in respect to much of our traffic, as our three statements have attempted to show. But it also does so in an important way. And here I am departing from the general statistical approach in order to show, by way of example, what this hold down in our non-competitive rates will mean to us.

We have an important lumber industry. Its most stable market, unhampered by currency or tariff restrictions, is central Canada, Ontario and Quebec. But in that market our lumber men compete with lumber of the same or similar kind shipped within that region. There was a reference made this morning by Mr. Styffe to the effect that his part of the country ships jack pine and spruce. We are shippers of spruce.

Not very long ago the rail rates on lumber from points such as Val d'Or, Amos, Senneterre in Quebec and Kapuskasing, Hearst, and Nakina in northern Ontario to, say, Toronto or Montreal were commodity rates. Now, as of a comparatively recent date, they have become competitive rates. Our lumber rates, however, still are commodity rates.

When the 17 percent increase became effective last December 1, it was applied to the competitive lumber rates in Ontario and Quebec as well as to our commodity lumber rates. It did not take much imagination for us to predict at that time that the increase would either be lessened or taken off entirely from the Ontario/Quebec rates. It was removed entirely from these rates effective February 16, 1959. Our rates, however, retained the increase. Obviously the effect of this was to widen the freight cost differentials between our shippers and Ontario/Quebec shippers in the markets which they both must reach.

Here, graphically, is an example of what has happened. To Montreal, the rail distances from Dalhousie, New Brunswick, and Val d'Or, Quebec, are within four miles of each other. Before the 17 per cent increase the rates were identical—41 cents per 100 pounds. On December 1, 1958, both rates became 48 cents per 100 pounds as a result of the 17 per cent increase. Then the increase was taken off the Val d'Or to Montreal rate. It reverted to the pre-17