

Mr. BROWNE (*Vancouver-Kingsway*): In other words, the 7 per cent would be taken off on that particular item?

Mr. CHEVRIER: They will not get it.

Mr. BROWNE (*Vancouver-Kingsway*): They have increased it 17 per cent and have got their 7 per cent; subsequently they find competition develops and that rate is no longer satisfactory because they are not getting the business and they have to reduce that by another 5 per cent. What is going to happen then? Are they still going to continue to draw the 7 per cent subsidy?

Mr. KNOWLES: No, they can only submit bills for shipments that were increased originally 17 per cent and were reduced to 10 per cent.

Mr. CHEVRIER: Was not that whole problem determined by November 18, 1958, I am talking about the judgment now. Is not that the governing date in so far as the 17 per cent increase is concerned?

Mr. KNOWLES: That is right. This bill simply says, "where the board authorized in that order".

Mr. CHEVRIER: And if the railroads did not take the benefit of the 17 per cent increase from the time that judgment came into effect and the time the subsidy comes into effect, then the subsidy does not apply.

Mr. KNOWLES: That is quite correct.

Mr. CHEVRIER: I now go back to my original question where you were saying how simple this was. I respectfully disagree with you, because there are many rates filed by the railways that do not benefit by the 17 per cent increase because the traffic would not have moved had they increased them to the full 17 per cent. They may have only increased it 3 per cent.

Mr. KNOWLES: This would be for the category of competitive rates.

Mr. CHEVRIER: And they would not get the benefit of the subsidy.

Mr. KNOWLES: That is right.

Mr. CHEVRIER: There must be many of those.

Mr. KNOWLES: I have no doubt there are, but as I understand it this is a bill to help the fellow who is paid the full 17 per cent increase and nothing else.

Mr. CHEVRIER: Well, it is to help the fellows themselves to help the railroads who incur—

Mr. HEES: This is to help the shipper; the consumer, really.

Mr. CHEVRIER: Just a moment. I have been through this long before you have. I say this with deference now. It is to help the shipper but also to help the railroads because the railroads are in a pretty serious position at the present time. I do not think there is any doubt that the railroads position from the point of view of moving traffic is more serious now than at any other time. Is that a fair way of putting it?

Mr. KNOWLES: Well, I can see your point, that the railroads will get some benefit from it. They will not have to maintain such high rates because the government is paying 7 per cent of the cost of hauling the traffic.

Mr. CHEVRIER: May I go back to this simple order which seems to be so clear in the minds of the public. I do not know that it is. Perhaps it is not clear in my mind; but if it is not you might be able to help me. If it is a fact that there are thousands of rates that have not benefited by the 17 per cent increase because it was impossible to raise them that amount, is it then going to be as simple as you say to apply the effect to the subsidy on these rates?

Mr. KNOWLES: Yes, because the tariffs showing these lower rates are not cross-referenced to the master tariff.

Mr. CREAGHAN: Could I ask a question, Mr. Chairman. My understanding of this legislation is that the \$20 million could only be used to subsidize freight